

CITY OF **PRESCOTT**
ARIZONA



Everybody's Hometown

**Comprehensive Annual
Financial Report
For the Fiscal Year Ended June 30, 2015**



CITY OF PRESCOTT, ARIZONA

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by
Accounting Services Division
Finance Department
City of Prescott

CITY OF PRESCOTT, ARIZONA
Comprehensive Annual Financial Report
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For the year ended June 30, 2015

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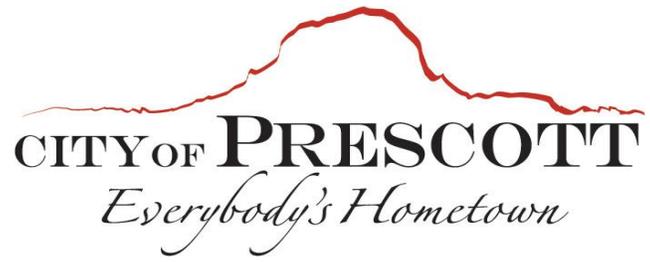
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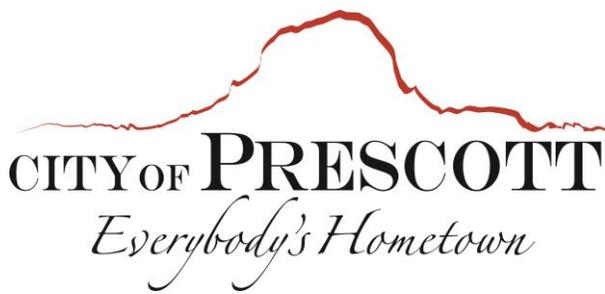
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INTRODUCTORY SECTION



MARK WOODFILL
FINANCE DIRECTOR
mark.woodfill@prescott-az.gov
928 777-1222

December 16, 2015

To the Honorable Mayor, City Council and Citizens of the City of Prescott:

The finance department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Prescott, Arizona (City) for the fiscal year ended June 30, 2015. Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a broad framework of internal control that it established for this purpose. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP has issued an unmodified opinion on the City of Prescott, Arizona's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report presents the financial position of the City as of June 30, 2015, and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles. We believe the data, as presented, are accurate in all material respects and are presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

REPORTING ENTITY

For financial reporting purposes the City is a primary government. The citizens in a general election elect its governing council. This report includes all organizations and activities for which the elected officials exercise financial control. The City has three component units: two Hassayampa Community Facilities Districts and the City of Prescott Municipal Property Corporation. The City interacts or contracts with various other governmental entities but is not financially accountable for those entities.

CITY OF PRESCOTT PROFILE

Known as "Everybody's Hometown" Prescott is home to the downtown Courthouse Plaza, famous Whiskey Row, World's Oldest Rodeo, Prescott Fine Arts Association, Sharlot Hall Museum, Phippen Art Museum, Folk Arts Fair, Frontier Days, and Territorial Days. It has been officially designated as "Arizona's Christmas City" by the State of Arizona.

The Courthouse Plaza, located in the center of the downtown and framed by towering elms, is the focal point for a myriad of activities, including crafts fairs, antique shows and art shows. The plaza and Yavapai County Courthouse are well-known throughout Arizona as symbolizing the quintessential mid-western downtown square.

The City is the largest in Yavapai County and the base of county government operations. Located in the mountains of north central Arizona approximately 95 miles northwest of Phoenix (the State capitol) and 90 miles southwest of Flagstaff, the City borders the Prescott National Forest to the south and west. The average elevation is 5,400 feet. The local climate is mild, with average high temperatures ranging from fifty degrees to ninety degrees and the average precipitation recorded at 19.8 inches, most of which is rain. Prescott and the neighboring towns of Chino Valley, Prescott Valley and newly incorporated Dewey-Humboldt form what is known locally as the Quad-City area.

LOCAL ECONOMY

Although small in population, 40,520, the City is not dependent on any one company or industry for economic vitality. The region is diverse in nature and benefits from the following industries:

Education

Embry Riddle Aeronautical University
Yavapai College
Prescott College
Northern Arizona University Extension

Medical

Yavapai Regional Medical Center
Veteran's Administration Hospital

Manufacturing

Pure Wafer
Sturm Ruger and Company
Zila Pharmaceuticals
Cobham Avionics

Retail

Prescott Gateway Mall
Wide assortment of automobile dealers
Costco
Wal-Mart
Lowe's
Fry's
Safeway

Tourism

Ernest A. Love Field – Prescott Airport
Variety of accommodations and restaurants
Multiple golf, hiking and camping areas
Numerous lakes and aquatic recreation sites
Various cultural and entertainment venues

Prescott is the center for trade in the region, and as a result has grown into a community with a robust, diverse economy, which includes government, education, health care, manufacturing and tourism. Here is a brief overview of those sectors:

1. Government: Prescott is the Yavapai County seat, and as a result, is home to a majority of the county offices and court-related businesses. Several state and federal offices also call Prescott home as Prescott's convenient location allows them to serve the northern and central regions of Arizona.
2. Education: In addition to ERAU, Prescott is home to higher education institutions such as Yavapai College, Prescott College and Northern Arizona University Distance Learning Center. Prescott's K-12 offerings include public, private and charter schools.
Health care: The VA Medical Center and Yavapai Regional Medical Center's main campus are both located in Prescott, as well as the bulk of related health care providers, (i.e., doctors, specialists, outpatient surgery centers and labs).
3. Manufacturing: Prescott's growing base of prime companies includes international manufacturers in the fields of aerospace, bioscience, guns and after-market vehicle accessories.
4. Tourism: Historical assets and outdoor recreation make Prescott a destination for visitors. Comfortable summer temperatures combine with signature events to create a perfect getaway for those from hotter parts of the state. Prescott's main tourist markets are the Phoenix and Tucson metro areas, California, Canada and Germany.

Each of these industries creates employment as well as opportunities for new business and entrepreneurial ventures, and Prescott recognizes the valuable contributions that our business community makes. For this reason, we strive to maintain Prescott as pro-business. We do this by being highly responsive to the needs of our business community, implementing best practices and availing businesses to tools and resources to foster success.

LONG-TERM FINANCIAL PLANNING

Each year the City of Prescott evaluates its current financial condition with existing programs, assesses future financial capacity, and integrates short and long-term plans, City Council goals, objectives, and financial policies into its decision-making process.

The City has adapted to reduced revenues while still preserving critical services. We aligned our spending decisions with citizen priorities as determined by Council and streamlined our processes to create a structurally balanced financial framework that will allow us to respond to the changing economy.

The Fiscal Year 2016 Budget totals \$148,423,862, which represents a 13% decrease from the prior year level, primarily attributable to fluctuation in capital projects in the City's enterprise funds. The \$81,954,879 Operating Budget primarily supports delivery of day to day core services, and is an increase of 2% over last year, which is related to increases in public safety pension cost and utility rate increases. The Capital Budget for Fiscal Year 2016 is \$66,468,983.

As evidenced by the following highlights, the City continues to provide high levels of service to Prescott residents, businesses, and visitors, and realize many successes in our competitive commercial environment despite the budget challenges arising from external economic factors and the municipal revenue structure of the state.

Financial Sustainability and Economic Vitality

Public Safety (Police and Fire)

- During FY 15, Police Department volunteers worked a total of 9,540 hours, including 7,480 hours by Citizens on Patrol volunteers
- A total of \$38,000 in Governor's Office of Highway Safety (GOHS) Grant funds were received for seatbelt enforcement, and to augment enforcement equipment and pay overtime costs allowing the Police Department to administer thirteen (13) DUI Taskforce details, two-week enforcement of "Click it or Ticket" National Campaign efforts, eight (8) Speed and Aggressive driver enforcement details
- Implemented the Domestic Violence and Sexual Assault squad which provides contact and follow-up with each intimate domestic violence victim resulting in numerous arrests
- Patrol Officers responded to 42,565 incidents; 25,664 were initiated as calls for service, with the remaining 16,901 initiated by the officers
- Code Enforcement opened 500 cases, and closed 468, referring six to a hearing officer for final resolution
- Conducted a Code Enforcement Cleanup event in the Dameron Neighborhood resulting in the removal of 15 tons of rubbish
- Prescott Regional Communications Center (PRCC) handled 262,602 inbound and outbound calls, involving 84,048 fire, police and EMS responses
- Community Risk Reduction integrated wildfire fuels reduction activities into one division, and contracted with an Arizona State Forestry Crew for fuels reduction projects, trained 1,921 students in fire and life safety, conducted 1,098 fire inspections, 11 investigations, and reviewed 1,380 plans for new subdivisions and buildings
- Fuels reduction workers completed 630 detailed home assessments for fuels management, 549 chip jobs, and 226 acres of fuels reduction in the Prescott Basin, including creating a 200 foot wide fuel break along the southern boundary of Camp Yavapines
- Fire personnel responded to 4,629 emergency service calls, trained approximately 550 citizens in CPR/First aid, and completed 1,190 hours of basic and advanced life support continuing education and recertification training, and 15,533 hours of general training
- Integrated updated heart monitoring equipment into Yavapai Regional Medical Center Lifenet Program, allowing for immediate notification for cardiologists of active myocardial infarctions
- Conducted 84 multi-agency multi-engine quarterly training sessions with Central Yavapai and Chino Valley Fire Districts

Administrative Process Improvements

- Information Technology (IT) accepted responsibility for the oversight and maintenance of the City of Prescott radio network which covers a variety of City departments and public safety including the Prescott Regional Communication Center (PRCC)
- IT began a roll-out of WiFi service in public areas of City buildings with completion expected in early FY 16
- Created a City e-newsletter and encouraged new subscribers, and began hosting "Talk of the Town" radio show on KQNA to highlight City services and programming to the public
- Implemented an online payment system option for fine and fee payments at City Court
- Successfully recouped \$25,000 of City Court-ordered restitution and fine payments through participation in the Arizona Tax Intercept Program
- Processed 8,500 active license renewals for Calendar Year 2015 to comply with the new Model City Tax Code and Arizona Department of Revenue tax collection for all Cities and Towns (scheduled to begin January 1, 2016)
- Updated license agreements for monthly use of the Parking Garage to include reserved status during fee days, enhancing service to the renters
- Worked with stakeholders to improve the Special Event Permit and Special Event Liquor License application process

Legislative Activity

- Facilitated dialogue among the Mayor and City Council, Arizona State Legislators, and the Arizona League of Cities and Towns to forestall a bill that would have eliminated the City's authority to collect Residential Rental Tax, \$1.2 Million in present revenue to the City
- Worked with legislative representatives to facilitate legislation improving regulation of the substance abuse recovery industry, addressing reform of the Public Safety Personnel Retirement System (PSPRS), and raising awareness of the limited revenue tools available for local services and programs

Fleet and Facility Improvements

- Completed over 600 facility work orders with a satisfaction rate of 99.7%
- Completed 100% LED retrofit of 248 interior lights at the Granite Street Parking Garage, reducing the annual electrical cost at the facility by over \$11,000 (55%)
- Continued to make energy efficiency improvements to all City facilities, reducing the FY 15 cost of natural gas by 17% over the prior year, and the cost of electricity by 6%. Annual natural gas costs are 55% less than the base year (2011) and electricity costs 19% less
- Repaired and renovated the Airport restaurant kitchen to bring the area up to code and enable safe operation
- Maintained an average availability rate of 98% for City vehicles
- Completed 2,254 fleet repair work orders and 980 preventative maintenance work orders
- Conducted a customer service survey to identify areas that can be improved and made more efficient

Our long-term planning focuses on services that deliver outcomes important to the quality of life in Prescott. It maintains programs that keep our community safe, support strategic economic development, encourage tourism, improve traffic flow, and keep our streets clean. The end result of the annual budgetary process appropriately balances income and expenditures to effectively and efficiently provide services responsive to our citizens' needs.

DEBT ADMINISTRATION

The City has a formal Debt Policy and issues debt for the purpose of acquiring or constructing capital projects including buildings, machinery, equipment, furniture and fixtures. These needs are addressed through the budget process.

The City's general obligation bonds have been assigned ratings of "Aa2" by Moody's Investor Services (Moody's), "AA" by Standard & Poor's Ratings Services (S&P) and "AA" by Fitch Ratings (Fitch).

The City's excise tax bonds have been assigned ratings of "Aa3," "AA" and "AA" by Moody's, S&P and Fitch, respectively.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Prescott for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 33rd consecutive year that the City has achieved this prestigious award.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the certificate of achievement program's requirements, and we are submitting it to GFOA.

The City of Prescott received the Distinguished Budget Presentation Award from the GFOA for our conformity in the budget presentation for the fiscal year beginning July 1, 2014. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning July 1, 2015.

INDEPENDENT AUDIT

In accordance with the City Charter and Arizona law, the City's financial records are subject to an annual audit by an independent certified public accountant. The audit is conducted in accordance with generally accepted auditing standards. The auditor determines whether the City followed generally accepted accounting and reporting principles. Eide Bailly, LLP conducted the audit for fiscal year ending June 30, 2015. The audit opinion is located in the financial section of the report.

The City is also required to undergo a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

ACKNOWLEDGMENT

The preparation of the Comprehensive Annual Financial Report was a collaborative undertaking of the finance department. Each member has our appreciation for the assistance provided in the preparation of this document. We also recognize the efforts of other departments who provided data that helped to make the report more meaningful.

In closing, we acknowledge the City Council and the City Manager for their continued support and direction.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark Woodfill". The signature is written in a cursive, flowing style.

Mark Woodfill, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Prescott
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

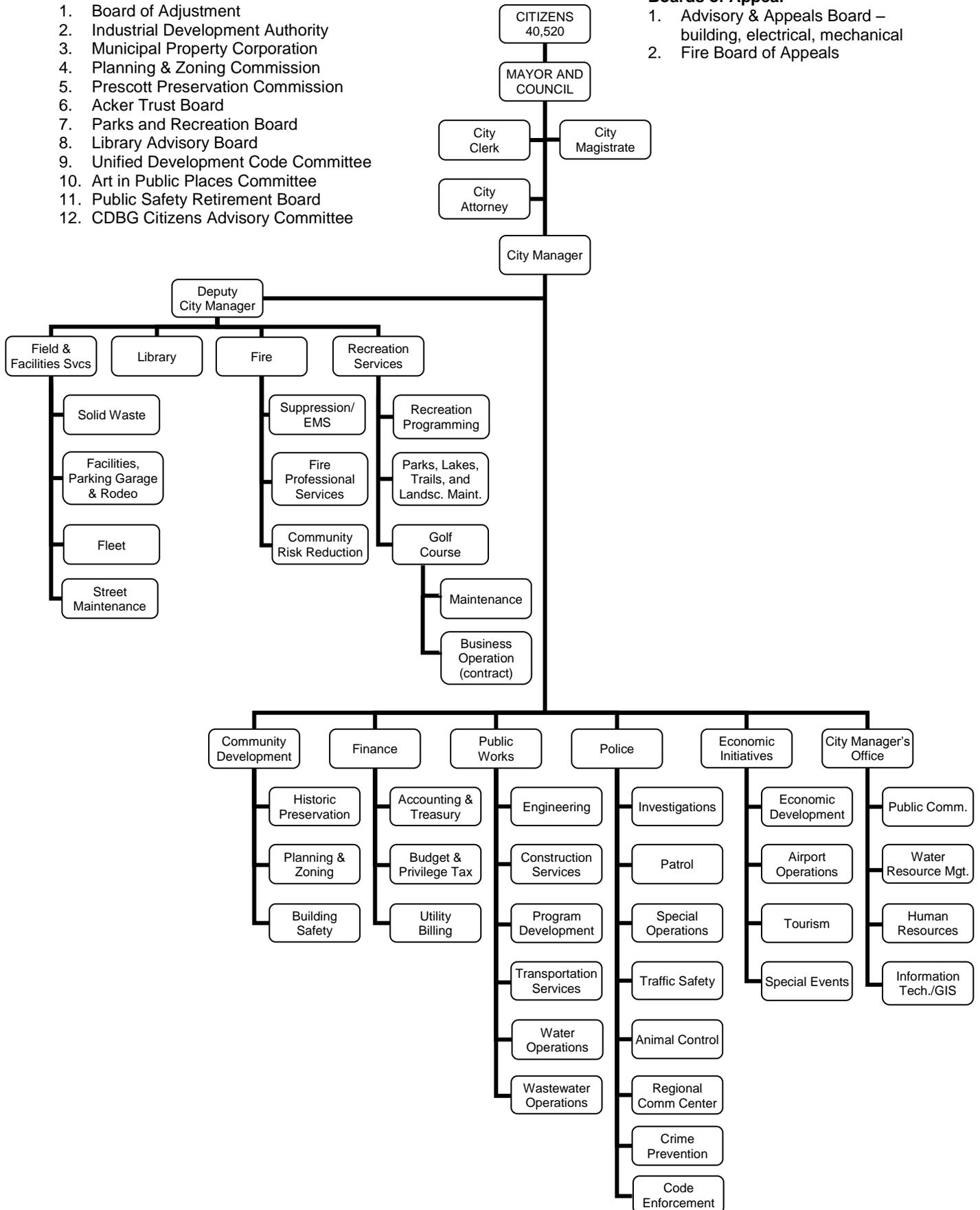
Executive Director/CEO

Boards, Commissions and Committees

1. Board of Adjustment
2. Industrial Development Authority
3. Municipal Property Corporation
4. Planning & Zoning Commission
5. Prescott Preservation Commission
6. Acker Trust Board
7. Parks and Recreation Board
8. Library Advisory Board
9. Unified Development Code Committee
10. Art in Public Places Committee
11. Public Safety Retirement Board
12. CDBG Citizens Advisory Committee

Boards of Appeal

1. Advisory & Appeals Board – building, electrical, mechanical
2. Fire Board of Appeals



CITY OF PRESCOTT, ARIZONA

June 30, 2015

ELECTED OFFICIALS

Marlin Kuykendall, Mayor

Council

Charlie Arnold

Greg Lazzell

Jim Lamerson

Jean Wilcox

Chris Kuknyo

Steve Blair

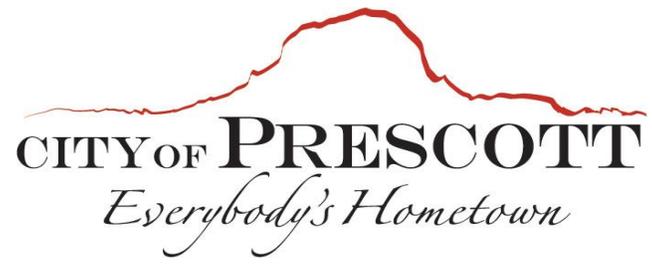
Appointed Officials

Craig McConnell	City Manager
Jon Paladini	City Attorney
Dana DeLong	City Clerk
Arthur Markham	City Magistrate

Mailing Address

201 South Cortez
Prescott, AZ 86303

www.prescott-az.gov



FINANCIAL SECTION



Independent Auditor's Report

The Honorable Mayor and the City Council of
City of Prescott, Arizona
Prescott, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prescott, Arizona (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the general fund and major special revenue funds of the City, as of June 30, 2015, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 1 and 3 to the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the City's proportionate share of net pension liability for the Arizona State Retirement System, schedule of changes in the City's net pension liability and related ratios for the Public Safety Personnel Retirement System, and schedule of City pension contributions for the Arizona State Retirement System and the Arizona Public Safety Personnel Retirement System on pages 11 through 22 and 74 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements for governmental, proprietary, and fiduciary funds, the respective budgetary comparison for the nonmajor governmental funds, the schedules of bonds and loans payable and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements for governmental, proprietary, and fiduciary funds, the respective budgetary comparison for the nonmajor governmental funds, the schedules of bonds and loans payable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements for governmental, proprietary, and fiduciary funds, the respective budgetary comparison for the nonmajor governmental funds, the schedules of bonds and loans payable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Phoenix, Arizona
December 16, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the City of Prescott. The analysis focuses on significant financial issues, debt administration, capital assets, major financial activities and resulting changes in financial position, budget changes and variances from the budget, specific issues related to funds, and the economic factors affecting the City.

Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City of Prescott exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$439.3 million. With the implementation of Governmental Accounting Standard Board (GASB) statement 68 which recorded the \$101.2 million in net pension liability on the government wide statements, the net position of the City went down \$94.6 million during the current fiscal year. With this adjustment and associated prior period adjustment, the unrestricted net position of the City at year end is a negative \$17.1 million.

The City's governmental funds reported a combined ending fund balance \$54.3 million, an increase of \$1.9 million from the previous year. Approximately 37.9% of the combined ending fund balance or \$20.6 million is unassigned and available for spending at the government's discretion. Unassigned fund balance represents approximately 66.2% of the general funds current year expenditures.

The City's net pension liability was recorded on the Statement of Net Position this year, per GASB 68, increasing long-term debt by \$101.2 million. Other long-term debt increased by \$5.2 million during the current year related to financing for utility projects.

Overall, City program expenses had an increase of \$15.1 million or 17.0%. Contributing to this increase is expense recognition related to the implementation of GASB 68, increase pension contributions to Public Safety Personnel Retirement System and increased maintenance in public works.

REPORT LAYOUT

This annual financial report consists of several sections. When taken as a whole they provide a detailed financial look at the City. The report includes the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors impacting the City.
- **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, Fund financial statements and the Notes to the Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the City. The City's component units, the Hassayampa Communities Facilities Districts #1 and #2 (CFD's) are included within the governmental activities and the Municipal Property Corporation (MPC) is included within the business-type activities.
 - The Statement of Net Position presents the resources available for future operations. This statement provides a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference or net position provides a measure of the City's financial strength, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's privilege tax or property tax base or the condition of roads, parks and libraries to accurately assess the overall health of the City. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.
 - The Statement of Activities presents the gross and net costs of City programs and the extent to which such programs rely on general tax and other revenues. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund financial statements present separately the major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are reported in a separate column and the remaining funds are

combined into a column titled "Other Governmental Funds." Budgetary comparison statements are presented for the General Fund and the Streets and Open Space Special Revenue Fund.

- The Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
- The Required Supplementary Information is based upon the City's adoption of GASB Statement 68 and includes schedules related to the City pension obligations.
- **Other Supplementary Information.** Users wanting additional information on non-major funds can find it in the Combining Statements of Non-major Funds and/or the Supplementary Information-Budgetary Comparison sections of the report. Components within this section include:
 - Combining Statements - Major funds are included in the Basic Financial Statements, whereas non-major funds are presented here.
 - Budgetary Comparisons - Budgetary information for all governmental funds, except those presented within the Basic Financial Statements, are presented here.
 - Other Financial Schedules complete the Financial Section of the report.
- **Statistical Section.** Information is presented for five categories – financial trends, revenue capacity, debt capacity, demographic and economic, and operating.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A condensed version of the Statement of Net Position at June 30, 2015 and June 30, 2014 follows:

City of Prescott's Net Position (in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 54.6	\$ 53.0	\$ 54.6	\$ 48.7	\$ 109.2	\$ 101.7
Other assets	12.3	13.5	(1.0)	(1.2)	11.3	12.3
Capital assets	260.9	270.6	277.4	272.9	538.3	543.5
Total assets	327.8	337.1	331.0	320.4	658.8	657.5
Deferred outflows	16.2	-	1.3	-	17.5	-
Total assets and deferred outflows	344.0	337.1	332.3	320.4	676.3	657.5
Long-term liabilities	30.2	31.6	82.7	76.1	112.9	107.7
Net pension liability	90.7	-	10.5	-	101.2	-
Other liabilities	6.7	6.3	9.6	9.6	16.3	15.9
Total liabilities	127.6	37.9	102.8	85.7	230.4	123.6
Deferred inflows	4.9	-	1.7	-	6.6	-
Total liabilities and deferred inflows	132.5	37.9	104.5	85.7	237.0	123.6
Net Position:						
Net investment in capital assets	233.6	241.5	192.7	195.6	426.3	437.1
Restricted for:						
Streets & Open Space	19.9	20.3	-	-	19.9	20.3
Capital projects	3.8	3.9	-	-	3.8	3.9
Transient occupancy tax	0.4	0.3	-	-	0.4	0.3
Debt service	1.4	1.3	4.1	2.1	5.5	3.4
Grants and donations	0.9	0.8	-	-	0.9	0.8
Unrestricted	(48.5)	31.0	31.0	37.0	(17.5)	68.0
Total net position	\$ 211.5	\$ 299.1	\$ 227.8	\$ 234.7	\$ 439.3	\$ 533.8

Rounding adjustments result in small differences when compared to financial statements.

Note - 2014 has not been restated for the effects of implementing GASB 68.

Governmental Activities

During the current fiscal year the balance of net position decreased by \$87.6 million primarily due to implementation of GASB 68 and the recording of \$90.7 million in net pension liability.

Business-type Activities

During the current fiscal year the balance of net position decreased by \$6.9 million primarily due to implementation of GASB 68 and the recording of \$10.5 million in net pension liability.

There are restrictions on \$26.4 million of net position for governmental activities and an additional \$4.1 million in restricted net position of business-type activities. The restrictions represent legal or contractual obligations on how the assets may be expended. Within the governmental activities category are taxes and other collections limited to specific transportation and open space projects, unspent bond proceeds and the repayment of debt. Within the business-type activities are capital projects, bond proceeds and debt service reserves.

STATEMENT OF ACTIVITIES

A summary of the Statement of Activities for the year ended June 30, 2015 and June 30, 2014 follows:

City of Prescott's Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services and other	\$ 5.2	\$ 5.1	\$ 37.1	\$ 35.3	\$ 42.3	\$ 40.4
Operating grants & contributions	1.5	1.9	-	-	1.5	1.9
Capital grants & contributions	3.9	3.6	2.2	3.9	6.1	7.5
Total program revenues	10.6	10.6	39.3	39.2	49.9	49.8
General revenues						
Taxes	32.2	31.7	-	-	32.2	31.7
Intergovernmental	10.8	10.0	-	-	10.8	10.0
Interest & investment income	0.7	0.9	0.4	0.6	1.1	1.5
Miscellaneous	0.1	0.4	0.1	0.6	0.2	1.0
Total general revenues	43.8	43.0	.5	1.2	44.3	44.2
Total revenues	54.4	53.6	39.8	40.4	94.2	94.0
Expenses						
General government	3.7	3.6	-	-	3.7	3.6
Community services	1.4	1.4	-	-	1.4	1.4
Culture and recreation	6.4	6.0	-	-	6.4	6.0
Police and court	17.6	13.7	-	-	17.6	13.7
Fire	11.9	8.5	-	-	11.9	8.5
Public works	25.2	20.7	-	-	25.2	20.7
Interest on long-term debt	1.4	1.5	-	-	1.4	1.5
Airport	-	-	2.9	2.2	2.9	2.2
Golf course	-	-	3.3	3.1	3.3	3.1
Solid waste/transfer station	-	-	7.6	6.5	7.6	6.5
Wastewater	-	-	9.6	9.4	9.6	9.4
Water	-	-	12.6	12.0	12.6	12.0
Total Expenses	67.6	55.4	36.0	33.2	103.6	88.6
Increase (decrease) before transfers	(13.2)	(1.8)	3.8	7.2	(9.4)	5.4
Transfers	(0.1)	(0.4)	0.1	0.4	-	-
Change in net position	(13.3)	(2.2)	3.9	7.6	(9.4)	5.4
Beginning net position - restated	224.9	301.3	223.9	227.2	448.8	528.5
Ending net position	\$ 211.6	\$ 299.1	\$ 227.8	\$ 234.8	\$ 439.4	\$ 533.9

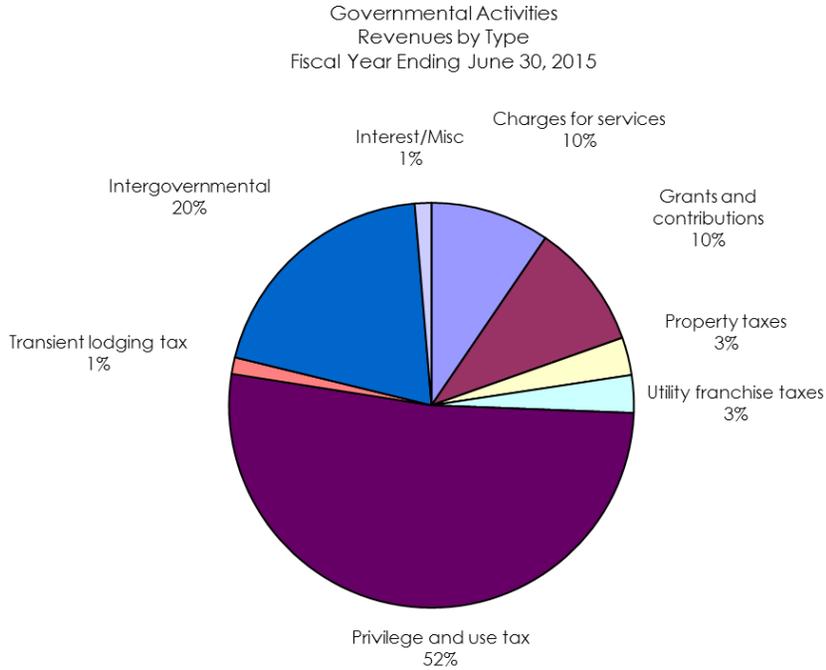
Rounding adjustments result in small differences when compared to financial statements.

Note - 2014 has not been restated for the effects of implementing GASB 68.

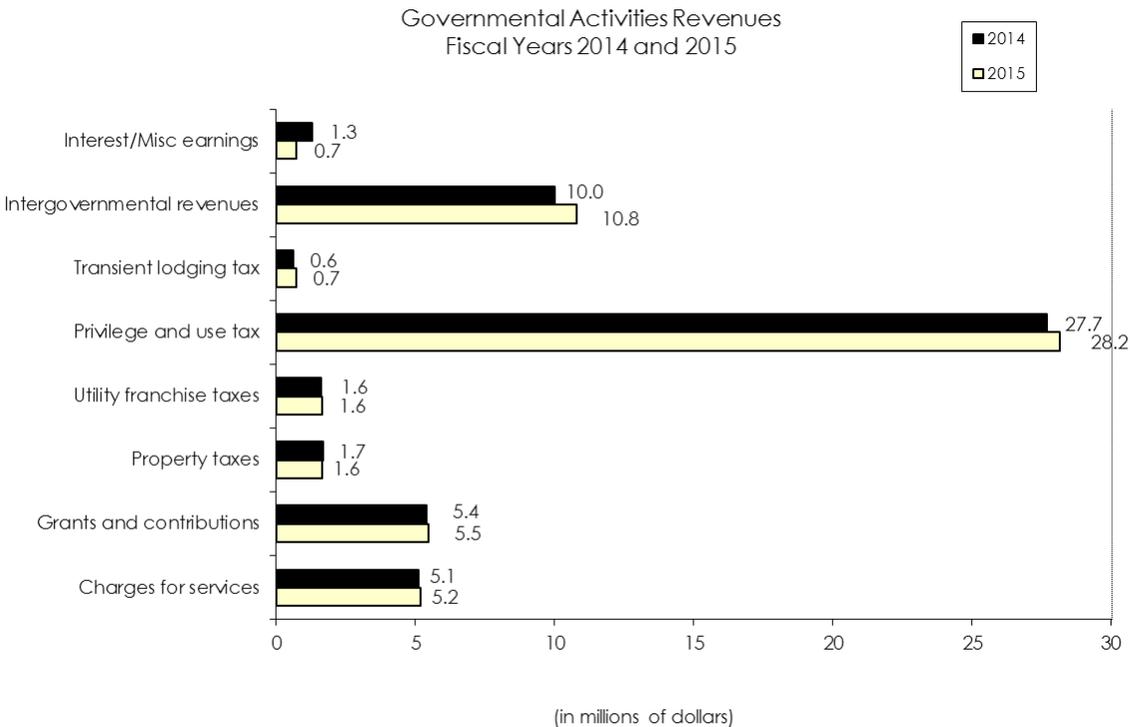
Governmental Activities

The cost of all governmental activities this year was \$67.6 million. Approximately \$5.2 million of this cost was paid for by those who directly benefited from or contributed to the programs, \$5.4 million was subsidized by grants received from other governmental organizations or developers for both capital and operating activities, \$32.2 million was financed through general City taxes, \$11.6 million was financed through other governmental revenues, and \$13.2 million was financed through net position from prior years.

The following shows the breakdown of governmental activities revenue.



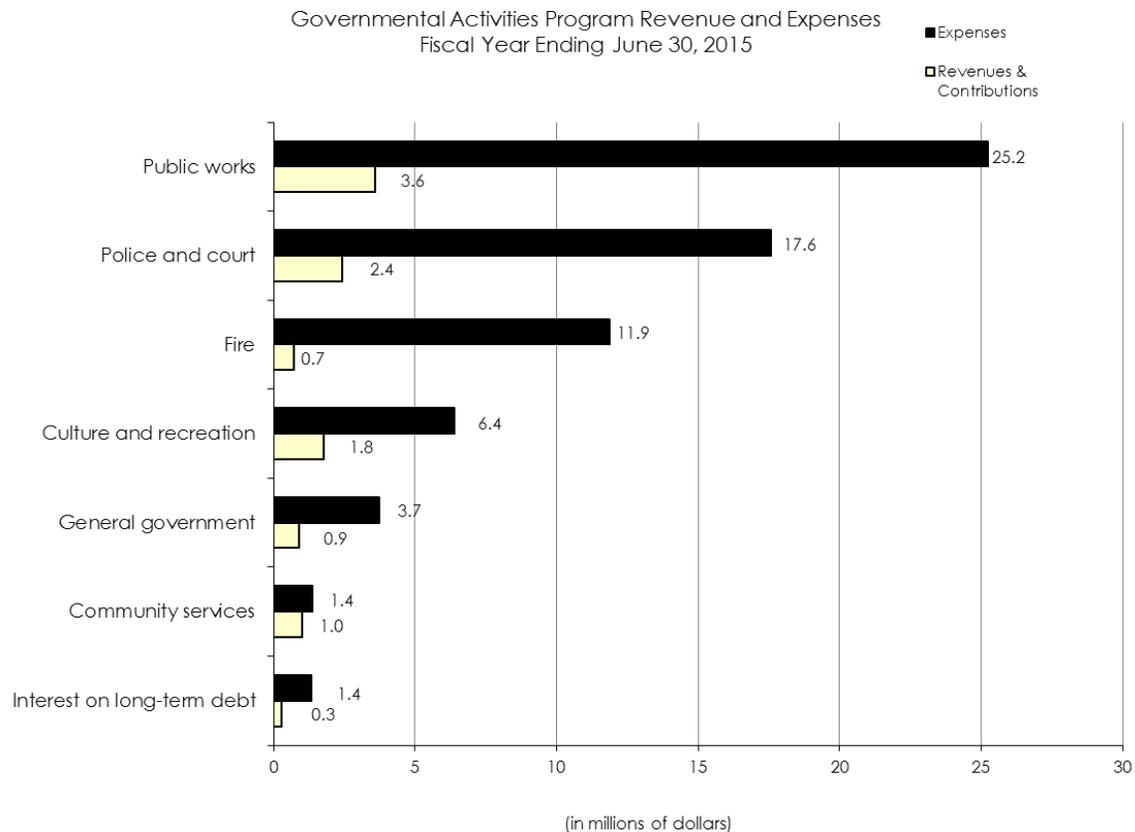
The graph below compares the governmental revenues from fiscal year 2015 to fiscal year 2014.



Total governmental activities revenues increased by \$0.8 million or 1.5% from the previous year. Key factors in this change include:

- Intergovernmental revenues were up \$0.8 million or 8.0% due to increased state shared revenues from state wide increasing economic activity.
- Privilege and use tax increased by \$0.5 million or 1.6% due to increase retail activity in the City.
- Other general revenues went down by \$0.5 million due to reduced investment earnings.

All governmental programs use general revenues to support their functions. Some programs such as police and fire are dependent on general revenues to fund operations. The following chart compares the expenses and revenues for each of the City's programs and shows the extent of each program's dependence on general revenues for support in the current year.



Governmental program expenses increased to \$67.5 million as compared to the prior year at \$55.2 million. Contributing to this increase is expense recognition related to the implementation of GASB 68, increase pension contributions to Public Safety Personnel Retirement System and increased maintenance in public works.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54.3 million, an increase of \$1.9 million in comparison to the combined ending fund balances for the previous fiscal year.

Approximately \$20.6 million of the total for the current fiscal year represents unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance is not available for new spending because it has already been committed, assigned, restricted or is designated nonspendable for specific purposes; examples are impact fees and trust accounts.

Revenues for governmental functions overall totaled approximately \$54.3 million in the current fiscal year, a decrease of 3.4% compared to the previous year total of \$56.2 million. In the current fiscal year, expenditures for governmental functions totaled \$52.3 million, an increase of 13.2% (\$6.1 million) over the previous fiscal year total of \$46.2 million.

Revenues for governmental functions exceeded expenditures by \$2.0 million or 3.8% in the current fiscal year. In the previous fiscal year, governmental functions revenues exceeded expenditures by approximately \$10.0 million or 21.7%. The decrease in the current fiscal year reflects increase capital spending on road projects and one time nonrecurring revenues in the previous year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$20.6 million, while the total fund balance was \$28.0 million. The unassigned and total balances for the General Fund at the end of the previous fiscal year were \$17.6 million and \$25.8 million, respectively. The City also has \$0 of its fund balance as assigned, \$2.3 million as committed, \$5.1 million as non-spendable, and \$0 as restricted.

The following factors represent the reasons behind significant changes in the general fund and significant budgetary variances:

- Taxes increased by \$0.5 million or 2.7% from the previous year mainly from improvement in the local economy provided an increase in privilege (sales) tax collections. The budget variance of \$0.6 million was the result of economic activity being better than projected.
- Intergovernmental revenues decreased by \$0.7 million or 6.1% from the previous year from reclassification of revenues related to fees charged for services moved to "Charges for services".
- Charges for services increased by \$2.2 million related to the reclassification of items shown as intergovernmental and miscellaneous revenues in previous years.
- Miscellaneous revenues decreased by \$2.4 million related to one time nonrecurring revenues in the previous fiscal year and reclassification of fees charged for services recorded as miscellaneous in previous years being moved to "Charges for services".
- Current general government expenditures were below budget because of contingent expenditures which did not happen during the fiscal year which resulted in a \$0.2 million budget variance.
- Current culture and recreation expenditures were below budget from turnover in personnel and reduced operating cost resulting in a \$0.4 million budget variance.
- Current police and court expenditures were below budget from turnover in personnel and reduced operating cost resulting in a \$1.0 million budget variance.
- Current fire expenditures were below budget from turnover in personnel and postponed projects resulting in a \$0.8 million budget variance.

Unassigned fund balance of \$20.6 million represents 66.2% percent of the total General Fund expenditures of \$31.1 million in the current fiscal year. In the previous fiscal year, the unassigned fund balance of \$17.6 million represented 61.5% percent of the total General Fund expenditures of \$28.6 million.

Overall, the General Fund's performance resulted in revenue over expenditures in the fiscal year of \$2.4 million. In the prior year, revenues exceeded expenditures by \$5.7 million. This was a result in the previous year of one time nonrecurring revenues related to the sale of land adjacent to the Gateway Mall and increases in the current year of police and fire expenditures.

The Streets and Open Space fund expenditures exceeded revenues by \$0.5 million during the year. In the prior year, expenditures exceeded revenues by \$5.0 million. This was the result of increased capital spending in the current year.

Other individual governmental funds had no unusual fluctuations which warrant explanation.

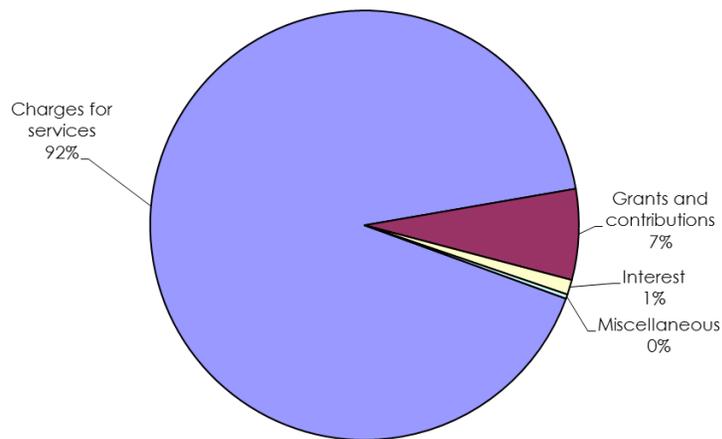
Business-type Activities

The cost of all business-type activities this year was \$36.0 million and net position increased by \$4.0 million. The \$40.0 million in revenues was provided by; \$36.6 million paid by users, \$2.7 million subsidized by contributions and grants received from other governmental organizations and developers for capital activities, miscellaneous and investment earnings of \$0.6 million, and a transfer in of \$0.1 million.

Business-type activities revenue decreased by \$0.8 million compared to the previous year due to decreased grant revenues for the current fiscal year compared to the previous fiscal year.

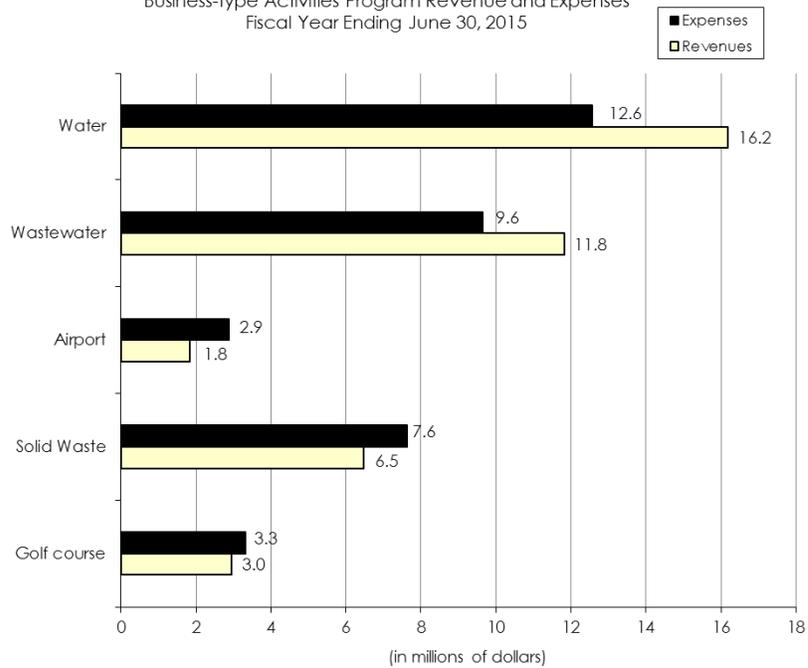
The chart below shows the breakdown of business-type activities revenue.

Business-type Activities Revenues by Type
Fiscal Year Ending June 30, 2015

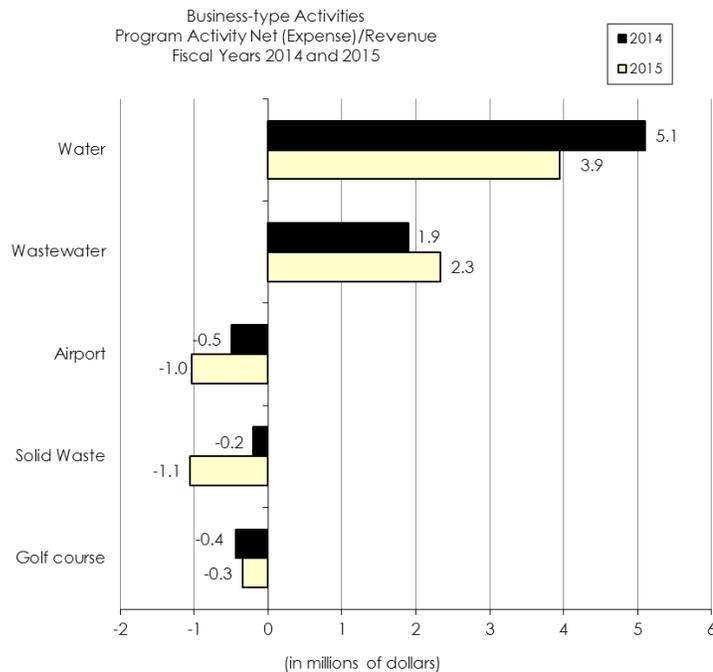


The City's business-type programs include the following: water, wastewater, golf course, airport, and solid waste. The chart below shows the revenue and expenses for each business-type program and the extent of each program's dependence on general revenues for support in the current year.

Business-type Activities Program Revenue and Expenses
Fiscal Year Ending June 30, 2015



The chart below compares the business-type activities increase (decrease) in net position before transfers for fiscal year 2015 and 2014.



The business-type changes in operating net position were the result of the following factors:

- The Water fund and Wastewater fund revenue exceeded expenses by \$3.5 million and \$3.0 million respectively, to accumulate resources for needed capital improvements.
- There were significant capital and grant contributions in the Airport, Wastewater and Water funds of \$2.2 million.
- The Solid Waste fund had a significant operating expense of \$1.1 million in Fiscal Year 2015 related to the maintenance of a closed landfill which contributed to its negative impact to net position of \$1.1 million.
- The Airport fund had a negative \$1.0 million impact on the net position caused by revenues not being sufficient to cover expenses, which include \$1.3 million of depreciation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$538.3 million in capital assets net of accumulated depreciation as reflected in the following table, which represents a net decrease of \$5.2 million.

The following table reconciles the changes in capital assets.

	Change in Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Beginning Balance	\$ 270.6	\$ 282.9	\$ 272.9	\$ 250.5	\$ 543.5	\$ 533.4
Transfers	-	-	-	-	-	-
Increases	6.8	4.4	12.6	29.5	19.4	33.9
Decreases	-	(2.1)	(0.1)	-	(0.1)	(2.1)
Depreciation	(16.5)	(14.6)	(8.0)	(7.1)	(24.5)	(21.7)
Ending Balance	<u>\$ 260.9</u>	<u>\$ 270.6</u>	<u>\$ 277.4</u>	<u>\$ 272.9</u>	<u>\$ 538.3</u>	<u>\$ 543.5</u>

See Section 1H and 3C in the Notes to the Financial Statements for further information on the City of Prescott's capital assets.

Debt Administration

As of year-end, the City had \$120.0 million in long-term debt outstanding compared to \$114.8 million last year.

	Outstanding Long-Term Debt at Year End					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 0.4	\$ 0.5	\$ -	\$ -	\$ 0.4	\$ 0.5
Municipal Property Corporation	25.1	26.5	11.2	11.5	36.3	38.0
Community Facilities District	2.2	2.4	-	-	2.2	2.4
Loans WIFA	-	-	72.7	65.7	72.7	65.7
Claims Payable	1.8	1.3	-	-	1.8	1.3
Landfill post-closure costs	-	-	2.0	2.0	2.0	2.0
Compensated absences	3.7	3.9	0.9	1.0	4.6	4.9
Total	\$ 33.2	\$ 34.6	\$ 86.8	\$ 80.2	\$ 120.0	\$ 114.8

See Section 1J, and 3F in the Notes to the Financial Statements for further information on the City of Prescott's long-term debt.

The City's general obligation bonds have been assigned ratings of "Aa2" by Moody's Investor Services (Moody's), "AA" by Standard & Poor's Ratings Services (S&P) and "AA" by Fitch Ratings (Fitch).

The City's excise tax bonds are rated by Moody's, S&P and Fitch who have assigned the underlying ratings of "Aa3", "AA" and "AA", respectively.

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a City's net secondary assessed valuation. As of June 30, 2015, the City is well within its debt limits, having \$105.6 million in borrowing capacity in the 20% category, and \$31.8 million in borrowing capacity in the 6% category. The City also has a \$1.6 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2015.

ECONOMIC FACTORS

Many financial issues are being faced by the City of Prescott in Fiscal Year 2016. Economic activity in the City has increased, but continued attacks by the State Legislature on the City's tax base have limited the impact the increase is having on local revenues. Following is the impact of the projected changes in the tax revenues.

The Fiscal Year 2016 City's share of the State Income Tax is down 0.54% over Fiscal Year 2015 actuals. State Income Tax is based on tax collections that were received by the State of Arizona two years ago. This lack of increase reflects the slowness in the recovery in the economic climate. This, along with a 5.7% increase projected in the City's share of the State Sales Tax and a 7.4% higher State Vehicle License Tax contribution, will affect how the City will maintain basic service levels in the general fund service areas. All of these revenues collected and shared by the State are Census-driven. If Prescott does not experience growth at the same rate as other communities in Yavapai County, the shared revenue may decrease.

Sales tax revenues are estimated to be flat in Fiscal Year 2016 when compared to Fiscal Year 2015 estimates. The Prescott economy is showing signs of recovery in fiscal 2015. Housing inventory has been dropping and values have shown some signs of stabilizing. Permits for single-family homes increased in Fiscal Year 2015 compared with 2014. New commercial permits are also up, the value of those permits increased over 2014 and 2015. Even with the increase in local economic activity these revenues are projected to be flat based on changes the State Legislature has made to the City's tax base reducing the activities that the City is able to tax.

The City's property tax revenue for Fiscal Year 2016 is projected at \$1,671,518 (Primary \$1,596,518, Secondary \$75,000). Prescott's net assessed value for 2015 of \$548,631,551 represents 24.1% of Yavapai County's net assessed values.

All fund balance reserves have been maintained at the levels required by the policy and there are no plans to reduce or utilize any of the reserves.

NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2016 Budget was formulated based on feedback from Mayor and Council through its goals, policies, and guidelines, input from various advisory committees, 2003 General Plan, community input (from individuals, neighborhood groups and service clubs), downtown groups, as well as corridor and area plans.

The following goals were affirmed by Council through actions and discussions at their meetings throughout the year:

Stronger Local Economy and Expanded Tax Base

- More quality jobs with family wages
- More diverse economy which is less retail dependent
- Develop our airport as an "economic engine"
- Continue as the regional retail center
- Make land available for developing business/commercial sites

Better Mobility through Improved Roads and Transportation System

- Improve the condition and quality of streets
- Pave all streets and alleys
- Expand air service to alternative hubs
- Promotion of an efficient and effective Municipal Planning Organization
- Add sidewalks to all major arterials

Managed Growth for a Balanced Community

- Expand affordable (workforce) housing units
- Annexation areas should be well-planned with mixed and balanced uses
- Preserve Prescott's historic charm and character
- Growth paying for growth
- Development consistent with Land Development Code

Polished City – Beautiful and Clean

- Cleaner and well-maintained streets, alleys and rights-of-way
- Reduce the amount of blighted homes and buildings
- Effective solid waste collection and management
- Redevelopment of older commercial centers
- Well-maintained parks and recreational areas

First Class Utility System

- Water supply for the next 100 years
- Sewers for all residences and businesses
- Well-maintained water treatment and distribution system
- Well-maintained wastewater collection and treatment facility
- Effective storm water management system

Alive Downtown

- Cleaner downtown with improved infrastructure
- More commercial offices with people working downtown
- More activity venues for attracting residents and events
- More people living downtown
- More evening activities with businesses open beyond 5:30

The Fiscal Year 2016 Budget consists of two components – the operating budget and the capital budget. The operating budget is \$81,954,879 representing a 2.0% increase from Fiscal Year 2015. The operating budget is comprised of the costs to continue operations from year to year without any capital expenditures. It encompasses all the basic services provided to Prescott's residents: police and fire protection; recreation services; library services; water; wastewater; solid waste collection including recycling; streets maintenance; planning and zoning; building inspection; economic development; and administrative services. The operating budget has been prepared without an increase in taxes.

The second component, the capital budget, is set at \$66,468,983, a 26% decrease from Fiscal Year 2015. It includes projects and new programs that are included in the five-year plan and considered affordable within current revenue sources or planned debt issuance. Capital budgets tend to rise and fall each year depending on the timing of projects – especially if a city, such as Prescott, is primarily on a "pay-as-you-go" program.

With a few modifications, the capital investments included in the Fiscal Year 2016 budget are part of the Five-year Capital Improvement Plan adopted during the budget process.

Water Fund

The major funding allocation in the Water Fund is \$2,000,278 for main line replacements for existing mains deficient due to age, condition or capacity.

Other notable projects in the Water Fund include:

- \$1,410,400 for West Airport Distribution System Loop.
- \$1,400,000 for an 18" water main in conjunction with the Smoke Tree Lane Reconstruction.
- \$1,000,000 for Dam Repairs identified by the Arizona Department of Water Resources Dam Safety Division.

Each year the City plans several ongoing capital projects such as replacement of undersized water service lines, the small reservoir maintenance program, meter replacement program, or fire hydrant upgrades along with miscellaneous equipment replacements. For FY2016, the Water Fund has \$16.5 million budgeted for capital improvements.

Wastewater Fund

Within the Wastewater Fund, the largest allocations are as follows:

- Sundog Trunk Main (\$2,666,286) is phase 1 replacements and upgrades.
- Fluoride Reduction (\$1,550,000) for pretreatment infrastructure to reduce fluoride prior to discharging into the Publically Owned Treatment Works. This fluoride discharge is a result of a privately owned silicon wafer reclamation facility and ongoing litigation.

Like in the Water Fund, several projects in the wastewater fund are in conjunction with street improvements when the utility connections will be either replaced or upgraded. Also, ongoing capital projects are budgeted such as storage tank maintenance, mainline replacements, and wastewater treatment plant improvements. This year a 300,000 Closed Circuit Television equipped vehicle purchase is budgeted to increase inspection of the wastewater system as required though consent order with the Arizona Department of Environmental Quality. Also \$282,000 is budgeted for other vehicle/equipment replacements.

Solid Waste/Transfer Station Fund

Several capital expenditures are planned in this fund for FY2016. The Other projects that are necessary to maintain operations at the transfer station are; Transfer Station Floor Repairs at \$250,000, Transfer Station main scale replacement at \$200,000, and pavement improvements at \$100,000, electrical infrastructure improvements at \$75,000 and the transfer station fee booth renovation at \$20,000.

Airport Fund

Infrastructure projects totaling \$6.8 million are grant funded for FY2016 with the City's share of these grants being \$321,303. In addition to the grant projects, the airport has budgeted for \$380,000 for pavement preservation and other facilities improvements.

Golf Course

No capital items are budgeted in the Golf Course Fund in FY2016. Additionally, this is the second year in a public-private partnership with Billy Casper Golf running the operations and the City continuing to maintain the golf course.

Streets and Open Space Fund

Street maintenance and improvement operations continue to be funded at a level of \$8.2 million. Maintenance operations include snow removal, striping (in-house and contractual), signage, signal maintenance, installation of new street lights including maintenance through Arizona Public Service, drainage improvements, trash and weed removal, crack sealing, pothole patching, unpaved road grading, and electricity for the street light system and traffic signals.

The Streets and Open Space Fund continues to have significant capital outlay, with \$23.9 million in FY2016. Included in the FY2016 budget is \$730,000 for potential open space purchases, specifically related to right of way acquisition for trails and land acquisition around Gold Water Lake. Significant street projects include the West Airport Distribution Loop at \$4,450,000, Rosser Street Pavement Reconstruction Phase IV at \$2,010,000 and Smoke Tree Lane Reconstruction at 1,200,000. The Pavement Maintenance and Preservation program projects total \$5,783,732. In addition, \$2,116,000 is undesignated funds in the capital outlay budget. This project was the allocation for the SR89 Widening and Side Road Connector Roundabout (Phippen). Council moved the project to the 5 year capital plan out of FY2016 and left the budget appropriation to be used at Council's discretion.

General Fund

These are the departments/division providing basic services (administration, city court, legal department, parks programs and maintenance, library services, building inspection, planning and zoning, code enforcement, economic development, police, fire, finance, etc.). All have been funded to provide quality service at the levels currently offered to Prescott residents.

Notable budgeted capital outlay in the General Fund for FY2016 includes: Public Safety Software System Upgrade at \$1,000,000, Self-Contained Breathing Apparatus at \$450,000, a replacement Hazmat Vehicle in the amount of \$300,000 (carryover from FY2015), and Diesel Exhaust Systems at \$110,000 (carryover from FY2015).

FUTURE ISSUES

Despite the concerted efforts to address funding of the City's short and long-term operational and capital needs, significant challenges remain which will not be overcome in their entirety by turnarounds in the national and state economies:

- Census-driven impacts to revenues collected and shared by the State
- Adequacy of funding sources to support and maintain both public safety and quality of life services
 - Dependence on local sales tax, and property tax constraints
 - Reduction and elimination of grants providing important supplemental funding of public safety programs
 - Increasing pension costs
- New state laws that seek to "reform" transaction privilege tax further restrict revenue generation opportunities, and reduce available tax dollars for services
 - State collection of local sales tax beginning January 1, 2016, will delay receipt of revenue to the City, impact the ability to locally assure tax compliance and gain information about the state of the local economy
 - State collection of Auto Use Tax has already begun and has resulted in a significant decrease and delay in revenue collected
 - Legislation reduced construction sales tax by changing the point of taxation has reduced the amount of tax collected in its first year of implementation, with the combined impacts of state collection and construction sales tax changes projected to cause a \$300,000 annual loss to each of the General Fund and Streets and Open Space Fund
 - Prior impacts due to changes in the taxation of commercial rentals have reduced that category by over \$150,000
- Local economic development and competition
- Shifting of financial costs from the State to municipalities
- Increases in employee insurance and retirement costs
- Cost of competitive pay for employees
- Increases in utility and fuel costs
- Compliance with more extensive, costly federal and state regulations
- Funding deferred replacement of vehicles and equipment, adequate maintenance of facilities, and personnel training

These items will require comprehensive, continuous scrutiny and alternative approaches to assure that mandated responsibilities are successfully met. Perhaps the greatest challenge that we face in creating the budget each year, is the legal revenue structure by which Prescott is bound, which results in highly restricted revenue sources that are limited as to expenditure purpose.

FINANCIAL CONTACT

This financial report is designed to present a general overview of the City's finances and to demonstrate the City's accountability. To ask questions, share observations or provide suggestions about the report, contact:

City of Prescott
Finance Department
201 South Cortez
Prescott, Arizona 86303
928.777.1236
Or visit our website at: www.prescott-az.gov

BASIC FINANCIAL STATEMENTS

CITY OF PRESCOTT, ARIZONA

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 52,711,362	\$ 50,472,181	\$ 103,183,543
Receivables (net)	6,830,797	3,627,849	10,458,646
Internal balances	5,112,969	(5,112,969)	-
Inventories	325,469	525,552	851,021
Restricted cash and investments	1,902,458	4,133,604	6,036,062
Capital assets			
Land	71,918,289	30,204,085	102,122,374
Construction in progress	6,142,510	63,366,205	69,508,715
Other capital assets (net of accumulated depreciation)	182,854,545	183,852,028	366,706,573
Total assets	<u>327,798,399</u>	<u>331,068,535</u>	<u>658,866,934</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows to pensions	16,175,600	1,321,407	17,497,007
Total assets and deferred outflows of resources	<u>343,973,999</u>	<u>332,389,942</u>	<u>676,363,941</u>
LIABILITIES			
Accounts payable	1,688,124	3,632,306	5,320,430
Accrued expenses	980,473	1,420,561	2,401,034
Deposits	1,090,305	446,402	1,536,707
Advanced revenues	72,000	67,283	139,283
Bonds and other debt due within one year	2,933,162	4,119,981	7,053,143
Bonds and other debt - long term	30,236,118	82,650,720	112,886,838
Net pension liability	90,650,516	10,527,275	101,177,791
Total liabilities	<u>127,650,698</u>	<u>102,864,528</u>	<u>230,515,226</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,859,244	1,671,847	6,531,091
Total liabilities and deferred inflows of resources	<u>132,509,942</u>	<u>104,536,375</u>	<u>237,046,317</u>
NET POSITION			
Net investment in capital assets	233,639,385	192,716,139	426,355,524
Restricted for:			
Streets and open space privilege tax activities	19,890,742	-	19,890,742
Capital projects	3,804,045	-	3,804,045
Transient occupancy tax	383,715	-	383,715
Debt service	1,381,496	4,106,068	5,487,564
Grants and donations	887,640	-	887,640
Unrestricted	(48,522,966)	31,031,360	(17,491,606)
Total net position	<u>\$ 211,464,057</u>	<u>\$ 227,853,567</u>	<u>\$ 439,317,624</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA

Statement of Activities

For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities:							
General government	\$ 3,743,815	\$ 837,786	\$ 70,886	\$ 302	\$ (2,834,841)	\$ -	\$ (2,834,841)
Community services	1,360,733	786,856	206,856	-	(367,021)	-	(367,021)
Culture and recreation	6,392,706	1,096,025	60,728	599,995	(4,635,958)	-	(4,635,958)
Police and court	17,587,983	1,725,069	640,601	44,571	(15,177,742)	-	(15,177,742)
Fire	11,880,437	417,389	296,907	-	(11,166,141)	-	(11,166,141)
Public works	25,225,409	305,230	-	3,278,412	(21,641,767)	-	(21,641,767)
Interest on long-term debt	1,353,344	-	267,370	-	(1,085,974)	-	(1,085,974)
Total governmental	67,544,427	5,168,355	1,543,348	3,923,280	(56,909,444)	-	(56,909,444)
Business-type activities:							
Airport	2,876,479	1,447,951	15,820	378,700	-	(1,034,008)	(1,034,008)
Golf course	3,308,425	2,959,473	-	-	-	(348,952)	(348,952)
Solid waste	7,627,325	6,464,166	-	-	-	(1,163,159)	(1,163,159)
Wastewater	9,638,754	11,160,984	-	654,933	-	2,177,163	2,177,163
Water	12,564,523	15,024,817	-	1,167,472	-	3,627,766	3,627,766
Total business-type activities	36,015,506	37,057,391	15,820	2,201,105	-	3,258,810	3,258,810
Total primary government	\$ 103,559,933	\$ 42,225,746	\$ 1,559,168	\$ 6,124,385	(56,909,444)	3,258,810	(53,650,634)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,565,326	-	1,565,326
Property taxes, levied for debt service					73,978	-	73,978
Utility franchise taxes					1,632,304	-	1,632,304
City privilege and use tax, general purposes					14,340,554	-	14,340,554
City privilege tax, major street and open space program					13,823,070	-	13,823,070
Transient lodging tax					719,268	-	719,268
Intergovernmental revenues - unrestricted					10,783,223	-	10,783,223
Interest and investment income					670,586	449,479	1,120,065
Miscellaneous					53,322	131,763	185,085
Transfers					(148,129)	148,129	-
Total general revenues and transfers					43,513,502	729,371	44,242,873
Change in net position					(13,395,942)	3,988,181	(9,407,761)
Net position - beginning (restated)					224,859,999	223,865,386	448,725,385
Net position - ending					\$ 211,464,057	\$ 227,853,567	\$ 439,317,624

The notes to the financial statements are an integral part of this statement.



FUND FINANCIAL STATEMENTS

Major Governmental Funds

GENERAL FUND

The general fund is established to account for the revenues and expenditures necessary to carry out the basic activities of the City such as culture and recreation, general government, police and fire protection.

Principal sources of revenue are privilege (sales) tax, property tax, state and county shared revenue, licenses and permits and charges for various services.

Funds are expended primarily for day-to-day operating expenses and equipment. Capital expenditures for large-scale public improvements, such as buildings, parks or streets, are accounted for elsewhere in capital projects, special revenue or enterprise funds.

SPECIAL REVENUE FUNDS

Streets and Open Space

This fund is used to account for highway user revenues and the 1% privilege tax which is limited to street improvements and maintenance and/or open space acquisition. This 1% tax will sunset in December 2015. The voters extended the 1% tax for street improvements and maintenance only from January 2016 to December 2035.

CITY OF PRESCOTT, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Total Governmental Funds
	General	Streets and Open Space	Nonmajor Governmental Funds	
ASSETS				
Cash and short-term investments	\$ 22,536,531	\$ 19,220,937	\$ 5,840,503	\$ 47,597,971
Restricted cash and investments	-	-	405,038	405,038
Accounts receivable (net)	2,172,881	1,459,356	94,061	3,726,298
Property taxes receivable	45,860	-	8,869	54,729
Special assessments receivable	-	-	1,974,000	1,974,000
Interfund receivables	5,138,516	-	-	5,138,516
Interest receivable	35,129	-	-	35,129
Intergovernmental receivable	428,327	293,787	311,704	1,033,818
Total assets	<u>\$ 30,357,244</u>	<u>\$ 20,974,080</u>	<u>\$ 8,634,175</u>	<u>\$ 59,965,499</u>
LIABILITIES				
Accounts payable	\$ 478,060	\$ 898,419	\$ 105,355	\$ 1,481,834
Accrued expenditures	837,136	64,919	7,438	909,493
Interfund payable	-	-	25,547	25,547
Deposits returnable	970,305	120,000	-	1,090,305
Advanced revenue	72,000	-	-	72,000
Total liabilities	<u>2,357,501</u>	<u>1,083,338</u>	<u>138,340</u>	<u>3,579,179</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	23,389	-	2,038,939	2,062,328
Total deferred inflows of resource:	<u>23,389</u>	<u>-</u>	<u>2,038,939</u>	<u>2,062,328</u>
FUND BALANCES				
Nonspendable	5,138,516	-	-	5,138,516
Restricted	-	19,890,742	6,456,896	26,347,638
Committed	2,251,625	-	-	2,251,625
Unassigned	20,586,213	-	-	20,586,213
Total fund balances	<u>27,976,354</u>	<u>19,890,742</u>	<u>6,456,896</u>	<u>54,323,992</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,357,244</u>	<u>\$ 20,974,080</u>	<u>\$ 8,634,175</u>	<u>\$ 59,965,499</u>

CITY OF PRESCOTT, ARIZONA
Reconciliation of the Balance Sheet to
Statement of Net Position
June 30, 2015

Fund balances - total governmental funds \$ 54,323,992

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:

Capital assets	\$ 431,174,194	
Less: accumulated depreciation:	<u>(177,645,686)</u>	253,528,508

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Unavailable grant revenue	56,689	
Deferred special assessment revenue	1,974,001	
Deferred property tax revenue	31,090	
Deferred privilege tax revenue	<u>548</u>	2,062,328

Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and leases payable	(24,124,521)	
Compensated absences	(3,448,245)	
Net pension liability	<u>(87,819,109)</u>	(115,391,875)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows relating to pensions	15,843,968	
Deferred inflows relating to pensions	<u>(4,361,649)</u>	11,482,319

Internal service funds are used by management to charge central garage, engineering and insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

5,458,785

Net position of governmental activities		<u><u>\$ 211,464,057</u></u>
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CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2015

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Streets and Open Space</u>	<u>Nonmajor Governmental Funds</u>	
Revenues				
Taxes	\$ 17,638,676	\$ 13,922,730	\$ 801,312	\$ 32,362,718
Intergovernmental revenues	11,350,244	3,102,388	1,368,329	15,820,961
Licenses and permits	606,539	-	-	606,539
Fines and forfeitures	424,800	-	-	424,800
Gifts and donations	-	-	93,193	93,193
Charges for services	3,219,391	259,899	-	3,479,290
Interest and investment income	291,262	162,639	216,687	670,588
Miscellaneous	36,517	384,726	453,834	875,077
Total revenues	<u>33,567,429</u>	<u>17,832,382</u>	<u>2,933,355</u>	<u>54,333,166</u>
Expenditures				
Current operating				
General government	2,091,910	-	666,418	2,758,328
Community services	1,112,682	-	206,614	1,319,296
Culture and recreation	5,094,474	-	148,505	5,242,979
Police and court	13,244,916	-	636,168	13,881,084
Fire	8,867,814	-	343,551	9,211,365
Public works	-	11,492,463	-	11,492,463
Capital outlay				
General government	165,170	-	-	165,170
Community services	1,497	-	-	1,497
Culture and recreation	31,069	-	-	31,069
Police and court	21,726	-	-	21,726
Fire	515,849	-	9,608	525,457
Public works	-	4,515,627	148,024	4,663,651
Debt service - principal	-	1,159,330	425,044	1,584,374
Debt service - interest	-	1,143,403	209,941	1,353,344
Total expenditures	<u>31,147,107</u>	<u>18,310,823</u>	<u>2,793,873</u>	<u>52,251,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,420,322</u>	<u>(478,441)</u>	<u>139,482</u>	<u>2,081,363</u>
Other Financing Sources (Uses)				
Transfers in	88,846	129,562	96,216	314,624
Transfers out	(294,207)	(17,427)	(151,120)	(462,754)
Total other financing sources (uses)	<u>(205,361)</u>	<u>112,135</u>	<u>(54,904)</u>	<u>(148,130)</u>
Net change in fund balances	2,214,961	(366,306)	84,578	1,933,233
Fund balance - beginning	25,761,393	20,257,048	6,372,318	52,390,759
Fund balance - ending	<u>\$ 27,976,354</u>	<u>\$ 19,890,742</u>	<u>\$ 6,456,896</u>	<u>\$ 54,323,992</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2015

Net change in fund balances - total governmental funds \$ 1,933,233

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those costs over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 5,408,570	
Less: current year depreciation	<u>(15,662,161)</u>	(10,253,591)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 635,685

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(3,359)	
Assessments receivable	(426,799)	
Privilege tax receivable	(204,860)	
Grant Revenues	<u>(37,218)</u>	(672,236)

City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities

City pension contributions	5,194,709	
Pension Expense	<u>(10,213,565)</u>	(5,018,856)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount by which principal retirement exceeded debt proceeds in the current period. 1,584,374

The net expenses of certain activities of internal service funds is reported with governmental activities. (1,716,496)

Some expenses and transfers reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 111,945

Change in net position of governmental activities \$ (13,395,942)

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts	Final Budget
			Budget	Positive
			Basis	(Negative)
Revenues				
Taxes	\$ 17,046,938	\$ 17,046,938	\$ 17,638,676	\$ 591,738
Intergovernmental revenues	11,188,282	11,188,282	11,350,244	161,962
Licenses and permits	547,900	547,900	606,539	58,639
Fines and forfeitures	492,400	492,400	424,800	(67,600)
Charges for services	2,948,319	2,948,319	3,219,391	271,072
Interest and investment income	193,300	193,300	291,262	97,962
Miscellaneous	35,000	35,000	36,517	1,517
Total revenues	<u>32,452,139</u>	<u>32,452,139</u>	<u>33,567,429</u>	<u>1,115,290</u>
Expenditures				
Current				
General government	2,338,892	2,338,892	2,091,910	246,982
Community services	1,200,672	1,200,672	1,112,682	87,990
Culture and recreation	5,499,761	5,499,761	5,094,474	405,287
Police and court	14,284,823	14,284,823	13,244,916	1,039,907
Fire	9,638,347	9,638,347	8,867,814	770,533
Total expenditures	<u>32,962,495</u>	<u>32,962,495</u>	<u>30,411,796</u>	<u>2,550,699</u>
Capital outlay				
General government	233,394	233,394	165,170	68,224
Community services	-	-	1,497	(1,497)
Culture and recreation	-	-	31,069	(31,069)
Police and court	25,400	25,400	21,726	3,674
Fire	600,000	600,000	515,849	84,151
Total capital outlay	<u>858,794</u>	<u>858,794</u>	<u>735,311</u>	<u>123,483</u>
Total expenditures	<u>33,821,289</u>	<u>33,821,289</u>	<u>31,147,107</u>	<u>2,674,182</u>
Excess of revenues over expenditures	<u>(1,369,150)</u>	<u>(1,369,150)</u>	<u>2,420,322</u>	<u>3,789,472</u>
Other Financing Sources (Uses)				
Transfers in	110,585	110,585	88,846	(21,739)
Transfers out	(1,897,574)	(1,897,574)	(294,207)	1,603,367
Total other financing sources and uses	<u>(1,786,989)</u>	<u>(1,786,989)</u>	<u>(205,361)</u>	<u>1,581,628</u>
Net change in fund balances	<u>(3,156,139)</u>	<u>(3,156,139)</u>	<u>2,214,961</u>	<u>5,371,100</u>
Fund balance - beginning	25,761,393	25,761,393	25,761,393	-
Fund balance - ending	<u>\$ 22,605,254</u>	<u>\$ 22,605,254</u>	<u>\$ 27,976,354</u>	<u>\$ 5,371,100</u>

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Streets and Open Space Fund
For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 13,220,000	\$ 13,220,000	\$ 13,922,730	\$ 702,730
Intergovernmental revenues	6,728,031	6,728,031	3,102,388	(3,625,643)
Charges for services	241,000	241,000	259,899	18,899
Interest and investment income	150,000	150,000	162,639	12,639
Miscellaneous	298,424	298,424	384,726	86,302
Total revenues	<u>20,637,455</u>	<u>20,637,455</u>	<u>17,832,382</u>	<u>(2,805,073)</u>
Expenditures				
Current				
Public works	14,655,076	14,655,076	11,492,463	3,162,613
Total current	<u>14,655,076</u>	<u>14,655,076</u>	<u>11,492,463</u>	<u>3,162,613</u>
Capital outlay				
Culture and recreation	1,485,000	1,485,000	-	1,485,000
Public works	17,763,482	17,763,482	4,515,627	13,247,855
Total capital outlay	<u>19,248,482</u>	<u>19,248,482</u>	<u>4,515,627</u>	<u>14,732,855</u>
Debt service				
Principal	1,159,331	1,159,331	1,159,330	1
Interest	1,141,249	1,141,249	1,143,403	(2,154)
Total debt service	<u>2,300,580</u>	<u>2,300,580</u>	<u>2,302,733</u>	<u>(2,153)</u>
Total expenditures	<u>36,204,138</u>	<u>36,204,138</u>	<u>18,310,823</u>	<u>17,893,315</u>
Excess (deficiency) of revenues over expenditures	<u>(15,566,683)</u>	<u>(15,566,683)</u>	<u>(478,441)</u>	<u>15,088,242</u>
Other Financing Sources (Uses)				
Transfers in	125,117	125,117	129,562	4,445
Transfers out	<u>(23,461)</u>	<u>(23,461)</u>	<u>(17,427)</u>	<u>6,034</u>
Total other financing sources and uses	<u>101,656</u>	<u>101,656</u>	<u>112,135</u>	<u>10,479</u>
Net change in fund balances	<u>(15,465,027)</u>	<u>(15,465,027)</u>	<u>(366,306)</u>	<u>15,098,721</u>
Fund balance - beginning	20,257,048	20,257,048	20,257,048	-
Fund balance - ending	<u>\$ 4,792,021</u>	<u>\$ 4,792,021</u>	<u>\$ 19,890,742</u>	<u>\$ 15,098,721</u>

The notes to the financial statements are an integral part of this statement.



FUND FINANCIAL STATEMENTS

Proprietary Funds

The City has five enterprise funds. Enterprise funds are used to account for the acquisition, operation and maintenance of water, wastewater, golf course, airport, solid waste and regional transfer station. These funds are entirely or predominately self-supported through user charges to the customers. Funds included are:

- **Water**
- **Wastewater**
- **Golf course**
- **Airport**
- **Solid waste/transfer station**

The City has four internal service funds. Internal service funds are used to account for services and commodities furnished by one department to other departments in the City on a cost reimbursement basis. Funds included are:

- **Fleet Maintenance**
- **Risk Management**
- **Engineering Services**
- **Facilities Maintenance**

CITY OF PRESCOTT, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Major Funds						
	Water	Waste Water	Airport	Solid Waste	Nonmajor Funds	Totals	
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 36,960,751	\$ 7,597,477	\$ 42,451	\$5,871,502	\$ -	\$ 50,472,181	\$ 5,113,391
Accounts receivable (net)	1,875,905	939,780	193,697	271,819	12,930	3,294,131	3,716
Interest receivable	-	-	-	-	-	-	3,108
Grant receivable	-	-	333,718	-	-	333,718	-
Inventory at cost	482,957	-	-	-	42,595	525,552	325,469
Total current assets	39,319,613	8,537,257	569,866	6,143,321	55,525	54,625,582	5,445,684
Noncurrent Assets							
Restricted cash and cash equivalents	915,804	3,190,264	-	27,536	-	4,133,604	1,497,420
Capital assets							
Land	25,962,570	1,021,842	1,143,261	112,858	1,963,554	30,204,085	13,191
Construction in process	18,929,797	43,694,068	742,340	-	-	63,366,205	-
Buildings	2,278,437	5,760,829	4,563,482	1,525,856	694,879	14,823,483	5,259,218
Improvements other than buildings	137,294,002	84,861,313	46,146,814	950,138	5,650,170	274,902,437	49,023
Machinery and equipment	5,268,994	3,015,963	393,313	6,991,146	1,951,645	17,621,061	7,987,312
Less accumulated depreciation	(50,507,759)	(40,406,867)	(20,723,532)	(6,817,698)	(5,039,097)	(123,494,953)	(5,921,908)
Total noncurrent assets	140,141,845	101,137,412	32,265,678	2,789,836	5,221,151	281,555,922	8,884,256
Total assets	179,461,458	109,674,669	32,835,544	8,933,157	5,276,676	336,181,504	14,329,940
Deferred Outflows of Resources							
Deferred outflows related to pensions	370,853	339,963	306,869	214,238	89,484	1,321,407	331,632
Total assets and deferred outflows of resources	179,832,311	110,014,632	33,142,413	9,147,395	5,366,160	337,502,911	14,661,572
LIABILITIES							
Current Liabilities							
Accounts payable	2,579,618	472,122	123,449	285,851	171,266	3,632,306	206,290
Accrued expenses	512,873	814,825	24,477	46,607	21,779	1,420,561	70,980
Claims payable	-	-	-	-	-	-	195,751
Interfund payables	158,203	281,797	-	-	-	440,000	-
Deposits returnable	-	-	22,498	-	-	22,498	-
Customer water deposits	423,904	-	-	-	-	423,904	-
Compensated absences - current	43,414	99,900	20,164	-	-	163,478	138,867
Loans payable - current	1,151,311	2,534,812	-	-	-	3,686,123	-
Bonds - current	86,390	-	-	69,060	-	155,450	230,940
Landfill closure costs - current	-	-	-	114,930	-	114,930	-
Advanced revenue	-	-	6,207	-	61,076	67,283	-
Total current liabilities	4,955,713	4,203,456	196,795	516,448	254,121	10,126,533	842,828
Noncurrent Liabilities							
Claims payable	-	-	-	-	-	-	1,586,578
Compensated absences	343,980	166,260	51,296	145,059	36,826	743,421	118,843
Interfund payable	127,879	228,301	-	-	4,316,789	4,672,969	-
Loans payable	21,320,087	47,670,152	-	-	-	68,990,239	-
Bonds payable	10,083,723	-	-	994,464	-	11,078,187	3,325,536
Landfill closure/postclosure cost	-	-	-	1,838,873	-	1,838,873	-
Pension liability	3,166,264	2,902,534	1,865,361	1,829,122	763,994	10,527,275	2,831,407
Total noncurrent liabilities	35,041,933	50,967,247	1,916,657	4,807,518	5,117,609	97,850,964	7,862,364
Total liabilities	39,997,646	55,170,703	2,113,452	5,323,966	5,371,730	107,977,497	8,705,192
Deferred Inflows of Resources							
Deferred inflows related to pensions	556,443	510,095	149,592	321,452	134,265	1,671,847	497,595
Total liabilities and deferred inflows of resources	40,554,089	55,680,798	2,263,044	5,645,418	5,505,995	109,649,344	9,202,787
NET POSITION							
Net investment in capital assets	106,298,448	47,232,086	32,265,678	1,698,776	5,221,151	192,716,139	3,830,360
Restricted for debt service	915,804	3,190,264	-	-	-	4,106,068	-
Unrestricted	32,063,970	3,911,484	(1,386,309)	1,803,201	(5,360,986)	31,031,360	1,628,425
Total net position	\$139,278,222	\$ 54,333,834	\$30,879,369	\$3,501,977	\$ (139,835)	\$ 227,853,567	\$ 5,458,785

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2015

	Business-type Activities					Governmental Activities- Internal Service Funds	
	Enterprise Funds						
	Major Funds				Nonmajor Funds		Totals
Water	Waste Water	Airport	Solid Waste				
Operating Revenues							
Water sales	\$ 12,251,350	\$ -	\$ -	\$ -	\$ -	\$ 12,251,350	\$ -
Water connection fees	196,892	-	-	-	-	196,892	-
Alternative water source fees	1,623,665	-	-	-	-	1,623,665	-
Aquifer protection fee	109,975	-	-	-	-	109,975	-
Water agreement partnering	782,950	-	-	-	-	782,950	-
Wastewater service fees	-	10,531,479	-	-	-	10,531,479	-
Effluent sales	-	620,962	-	-	-	620,962	-
Fuel sales and flowage fees	-	-	109,830	-	-	109,830	-
Tie down and hangar rentals	-	-	1,332,873	-	-	1,332,873	-
Refuse collection fees	-	-	-	5,023,732	-	5,023,732	-
Tipping fees	-	-	-	1,121,955	-	1,121,955	-
Recycling revenue	-	-	-	314,784	-	314,784	-
Golf course green fees	-	-	-	-	1,182,265	1,182,265	-
Restaurant sales	-	-	-	-	873,360	873,360	-
Golf course rentals	-	-	-	-	680,993	680,993	-
Golf pro-shop sales	-	-	-	-	222,853	222,853	-
Charges for services	-	-	-	-	-	-	5,289,786
Other services	-	-	-	-	-	-	895,956
Miscellaneous	71,985	41,037	8,549	43,475	173	165,219	-
Total operating revenues	15,036,817	11,193,478	1,451,252	6,503,946	2,959,644	37,145,137	6,185,742
Operating Expenses							
Personnel services	2,667,836	2,463,053	1,020,965	1,639,911	1,420,416	9,212,181	2,427,705
Supplies	495,403	388,277	103,982	538,010	740,265	2,265,937	1,033,254
Other services and charges	4,835,476	2,798,174	496,869	5,005,454	864,831	14,000,804	3,457,634
Depreciation	3,537,177	2,512,123	1,254,663	393,983	273,401	7,971,347	878,916
Total operating expenses	11,535,892	8,161,627	2,876,479	7,577,358	3,298,913	33,450,269	7,797,509
Operating income (loss)	3,500,925	3,031,851	(1,425,227)	(1,073,412)	(339,269)	3,694,868	(1,611,767)
Non-Operating Revenues (Expenses)							
Interest and investment income	304,084	94,400	-	50,995	-	449,479	64,312
Interest expense	(1,028,631)	(1,477,127)	-	(49,967)	(9,512)	(2,565,237)	(167,095)
Net gain (loss) on disposal of assets	-	32,275	-	11,741	-	44,016	(1,946)
Total non-operating revenues (expenses)	(724,547)	(1,350,452)	-	12,769	(9,512)	(2,071,742)	(104,729)
Income (loss) before contributions and transfers	2,776,378	1,681,399	(1,425,227)	(1,060,643)	(348,781)	1,623,126	(1,716,496)
Grant contributions	-	-	394,520	-	-	394,520	-
Capital contributions	1,167,472	654,933	-	-	-	1,822,405	-
Transfers in	-	-	197,991	-	-	197,991	-
Transfers out	(20,332)	(16,943)	-	(12,586)	-	(49,861)	-
Change in net position	3,923,518	2,319,389	(832,716)	(1,073,229)	(348,781)	3,988,181	(1,716,496)
Total net position - beginning (restated)	135,354,704	52,014,445	31,712,085	4,575,206	208,946	223,865,386	7,175,281
Total net position - ending	\$ 139,278,222	\$ 54,333,834	\$ 30,879,369	\$ 3,501,977	\$ (139,835)	\$ 227,853,567	\$ 5,458,785

The notes to the financial statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2015

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Water	Waste- water	Airport	Solid Waste
Cash flows from operating activities:				
Cash received from customers	\$ 15,217,356	\$ 11,233,886	\$ 1,477,447	\$ 6,500,471
Cash payments to employees for services	(2,724,698)	(2,433,904)	(922,959)	(1,659,176)
Cash payments to suppliers for goods and services	(4,871,109)	(4,022,386)	(504,972)	(5,580,864)
Net cash provided by (used for) operating activities	<u>7,621,549</u>	<u>4,777,596</u>	<u>49,516</u>	<u>(739,569)</u>
Cash flows from noncapital financing activities:				
Receipts (payments) under interfund loan arrangement	-	-	(755,636)	-
Transfers in	-	-	197,991	-
Transfers out	(20,332)	(16,943)	-	(12,586)
Net cash provided by (used for) noncapital financing activity	<u>(20,332)</u>	<u>(16,943)</u>	<u>(557,645)</u>	<u>(12,586)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(7,150,824)	(4,243,487)	(596,850)	(641,372)
Contributed from capital grant	-	-	1,147,430	-
Contributed from customers	1,167,472	654,933	-	-
Interest paid on capital financing	(1,144,717)	(1,314,201)	-	(49,967)
Principal paid on capital financing	(1,266,989)	(2,736,028)	-	(66,758)
Proceeds from debt issues	2,287,973	8,228,332	-	-
Proceeds from sales of capital assets	-	32,275	-	15,912
Net cash provided by (used for) capital and related financing activities	<u>(6,107,085)</u>	<u>621,824</u>	<u>550,580</u>	<u>(742,185)</u>
Cash flows from investing activities:				
Interest on investments	304,084	94,400	-	50,995
Net cash provided by (used for) investing activities	<u>304,084</u>	<u>94,400</u>	<u>-</u>	<u>50,995</u>
Net increase (decrease) in cash and cash equivalents	1,798,216	5,476,877	42,451	(1,443,345)
Cash and cash equivalents at July 1	36,078,339	5,310,864	-	7,342,383
Cash and cash equivalents at June 30	<u>\$ 37,876,555</u>	<u>\$ 10,787,741</u>	<u>\$ 42,451</u>	<u>\$ 5,899,038</u>
Reconciliation to statement of net position:				
Cash and cash equivalents at June 30, unrestricted	\$ 36,960,751	\$ 7,597,477	\$ 42,451	\$ 5,871,502
Cash and cash equivalents at June 30, restricted	915,804	3,190,264	-	27,536
Total	<u>\$ 37,876,555</u>	<u>\$ 10,787,741</u>	<u>\$ 42,451</u>	<u>\$ 5,899,038</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 3,500,925	\$ 3,031,851	\$ (1,425,227)	\$ (1,073,412)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	3,537,177	2,512,123	1,254,663	393,983
Changes in assets and liabilities:				
Increase (decrease) in accounts payable	602,607	(833,011)	97,860	(37,400)
Increase (decrease) in compensated absences	(57,284)	30,181	10,260	(23,395)
(Increase) decrease in accounts receivable	180,538	34,287	24,214	(3,475)
(Increase) decrease in inventory	(142,836)	-	-	-
Increase (decrease) salary & benefits payable	422	2,165	87,746	4,130
Total adjustments	<u>4,120,624</u>	<u>1,745,745</u>	<u>1,474,743</u>	<u>333,843</u>
Net cash provided by operating activities	<u>\$ 7,621,549</u>	<u>\$ 4,777,596</u>	<u>\$ 49,516</u>	<u>\$ (739,569)</u>

The notes to the financial statements are an integral part of this statement.

Nonmajor Funds	Totals	Governmental Activities- Internal Service Funds
\$ 3,004,763	\$ 37,433,923	\$ 6,209,526
(1,420,084)	(9,160,821)	(2,512,573)
(1,543,900)	(16,523,231)	(3,901,051)
40,779	11,749,871	(204,098)
97,733	(657,903)	-
-	197,991	-
-	(49,861)	-
97,733	(509,773)	-
-	(12,632,533)	(831,747)
-	1,147,430	-
-	1,822,405	-
(9,512)	(2,518,397)	(167,095)
(129,000)	(4,198,775)	(223,242)
-	10,516,305	-
-	48,187	6,246
(138,512)	(5,815,378)	(1,215,838)
-	449,479	61,204
-	449,479	61,204
-	5,874,199	(1,358,732)
-	48,731,586	7,969,543
\$ -	\$ 54,605,785	\$ 6,610,811
\$ -	\$ 50,472,181	\$ 5,113,391
-	4,133,604	1,497,420
\$ -	\$ 54,605,785	\$ 6,610,811
\$ (339,269)	\$ 3,694,868	\$ (1,611,767)
273,401	7,971,347	878,916
60,007	(109,937)	618,297
(3,208)	(43,446)	(77,306)
45,117	280,681	23,784
1,191	(141,645)	(28,460)
3,540	98,003	(7,562)
380,048	8,055,003	1,407,669
\$ 40,779	\$ 11,749,871	\$ (204,098)

The notes to the financial statements are an integral part of this statement.



Fiduciary Funds

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity for others. The City maintains one agency fund.

County Justice Court Agency

Accounts for the cash collection of the County Justice and Juvenile Courts. These clearing accounts are offset by an equal liability. There is no measurement of the results of operations.

CITY OF PRESCOTT, ARIZONA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Agency County Justice Court</u>
ASSETS	
Cash and short-term investments	\$ 156,496
Total assets	<u>\$ 156,496</u>
LIABILITIES	
Due to other governments	\$ 156,496
Total liabilities	<u>\$ 156,496</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF PRESCOTT, ARIZONA

Notes to the Financial Statements

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Prescott, Arizona was incorporated in 1883. The City presently operates under a Charter that was adopted in 1958. The Charter provides for a Council/City Manager form of government. The City Manager administers policies and coordinates the activities of the City. The City provides basic government services to its citizens including roads, water, wastewater, solid waste, parks and recreation facilities, police and fire.

The accounting policies of the City conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies.

For the current year end, the City implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

The accompanying financial statements include the City of Prescott (the primary government) and its component units collectively referred to as "the financial reporting entity." The component units discussed below have been blended into the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Municipal Property Corporation (MPC) is a non-profit corporation organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The MPC is governed by a board of directors who are responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the MPC is reported as if it is part of the primary government within the proprietary funds because its sole purpose is to finance municipal facilities for the City.

The Hassayampa Community Facilities District #1 and #2 were formed by petition to the City Council in 1996 and 2000. The districts' purposes are to improve public infrastructure in a specified land area. As special purpose districts and separate political subdivisions under the Arizona Constitution, the districts can levy assessments and issue bonds independently of the City. Property owners in the designated area are levied an assessment for the costs of servicing the Districts debts. The City has no liability for the district's debt. The City has operation responsibility for the infrastructure of the district and the City Council serves as the board of directors. For financial reporting purposes, the districts transactions are combined together and included as if they were part of the City's operations. The activities of the districts are reflected in the capital projects and debt service funds.

Separate financial statements of the Community Facilities Districts may be obtained at the City's finance department, 201 South Cortez Street, Prescott, Arizona 86303.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset with program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, other local taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Streets and Open Space special revenue fund is used to account for street improvements and maintenance and/or open space acquisition. The sources of funding are revenues from the States Highway User Revenue Fund and the additional 1.0% privilege tax which the voters passed and are limited to road construction and maintenance and/or open space acquisition. The additional privilege tax will sunset in December 2015 and in 2015, voters approved a 1.0% privilege tax for street maintenance and improvements effective January 1, 2016 to sunset December 31, 2035.

The City reports the following major proprietary funds:

The Water Utility, Wastewater Utility, Airport and Solid Waste Funds account for the operating revenues and expenses of the City's water utility system, wastewater utility system, airport and sanitation services respectively.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenues sources that are legally restricted to expenditures for specified purposes.

Capital project funds are used to account for financial resources that are restricted to expenditures for capital outlays.

Debt service fund accounts for the accumulation of resources and payment of principal and interest on general obligation and special assessment debt.

Internal service funds account for services provided by central garage, general self-insurances, engineering services and facilities maintenance to other departments or units of the City, on a cost-reimbursement basis.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the City's own programs. The City reports an agency fund that accounts for Yavapai County Justice Court activities as a fiduciary fund.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes, indirect costs and franchise fees and other charges between the City's Water and Sewer Utility Fund, Airport Fund, and Solid Waste Fund, because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer, airport, solid waste fees, vehicle purchase/maintenance amounts and risk management charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first; then unrestricted resources as they are needed.

D. Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Funds are invested primarily with the Arizona State Treasurer's Local Government Investment Pool (LGIP), securities of the U.S. government, agencies of the U.S. government, and other investments. Investments are stated at fair value based on quoted market prices. The LGIP is overseen by the State of Arizona. The reported value of the LGIP is the same as the face value of the pool shares less a reserve for potential losses.

Income earned or losses arising from the investment of pooled cash are allocated on a monthly basis to the individual funds based on average daily balance. Note 3a provides detailed information on cash and investments.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund payable/receivable." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts and property tax receivables are shown net of an allowance for bad debts. The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Yavapai County Assessor. Levies are due and payable in two installments, on September 1 and March 1 and become delinquent on the first business day of November and May, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Yavapai County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

Property taxes levied for the current operation and maintenance expenses on residential property are limited to one percent of the primary full cash value of such property. In addition, taxes levied for the current operation and maintenance expenses on all types of property are limited to a maximum increase of two percent over the prior year's levy, adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

F. Inventories

Inventories are valued at cost using a first-in, first-out (FIFO) basis and charged to expense as used.

G. Restricted Assets

Assets whose use is restricted for construction, debt service or any other agreement are segregated on the government-wide statement of net position and the proprietary fund statement of net position.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures when purchased, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlay that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position and is provided on the straight-line basis, less substantiated salvage value if any, over the following estimated useful lives:

Buildings and structures	40 years
Improvements other than buildings	40 years
Machinery and equipment	5-10 years
Infrastructure	20 years

Depreciation on property, plant, and equipment acquired by intergovernmental grants restricted to capital acquisitions is recognized through current operating expenses. Amortization on assets being lease/purchased is included with depreciation. Gains or losses from sales or retirements of capital assets are included in operations of the current period in the government-wide and proprietary financial statements.

I. Compensated Absences

The City's personnel ordinance provides full-time employees with paid time off (PTO). All permanent full-time employees of the City are entitled to 14 days of PTO each year during the first three years of service increasing to 17 days for three to ten years of service, 20 days for ten to fifteen years of service, and 22 days for fifteen or more years of service. PTO can be carried over from year to year with a maximum of 25 days PTO to be accrued for less than ten years of service increasing to 30 days for ten or more years. At termination of employment, an employee is paid for any accumulated PTO.

J. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and shown as other financing uses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide financial statements and the proprietary fund financial statements include a section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the fund financial statements include a section for deferred inflows of resources. This represents an acquisition of fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item that qualifies for this category, which arises only under the modified accrual basis of accounting, unavailable revenue. These amounts are recognized as an inflow of resources in the period that the amounts become available.

L. Employee Pension Plans

The City of Prescott's permanent full-time employees belong to statewide government retirement systems. The police and fire personnel, except clerical and other support services, belong to the Arizona Public Safety Personnel Retirement System, which is an agent, multiple-employer public employee retirement plan. All other covered employees belong to the Arizona State Retirement System, which is a cost-sharing, multiple-employer retirement plan.

For purposes of measuring the net pension (asset and) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Use of Estimates

In preparing the City of Prescott's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications.

- | | |
|--------------|---|
| Nonspendable | Inventories represent fund balance amounts that are not in spendable form.

Interfund loan balances to other funds are not in a spendable form. |
| Restricted | Restricted by state statute is a portion of fund balance that is restricted for use on street construction and maintenance by legislation. Restricted by city ordinances is a portion of fund balance which restrict: <ul style="list-style-type: none">> a portion of the privilege (sales) tax to road projects or open space acquisitions> the transient tax to tourist promotion and recreational purposes> impact fees to growth related capital improvements Restricted by creditors through debt covenants.

Restricted by grantors and contributors. |

- Committed Committed is that portion of fund balance that has been approved by the highest level of formal action of the City Council and does not lapse at year-end. This same level of formal action by the City Council is needed to rescind the commitments. The City, by resolution, has committed fund balances for compensated absences and capital improvement projects.
- Assigned Assigned for Subsequent year's expenditures is the portion of fund balance that has been approved by formal action of the City Council for appropriation in future budget. A modification to this amount requires action by the City Council; however this approval lapses at year end.
- Unassigned Fund balance that has not been reported in any other classification.

At year-end fund balance had the following restriction:

	Nonmajor			Total
	General	Streets and Open Space	Governmental Funds	
Nonspendable - internal loans	\$5,138,516	\$ -	\$ -	\$ 5,138,516
Restricted:				
Streets and open space activity	-	19,890,742	-	19,890,742
Debt Service	-	-	1,381,496	1,381,496
Capital expenditure	-	-	3,804,045	3,804,045
Donated/Grant Purposes	-	-	887,640	887,640
Transient lodging tax activity	-	-	383,715	383,715
Total Restricted	\$ -	\$19,890,742	\$ 6,456,896	\$26,347,638
Committed:				
Capital & economic dev.	2,251,625	-	-	2,251,625
Total Committed	\$2,251,625	\$ -	\$ -	\$ 2,251,625

The City has a revenue spending policy that provides policy for programs with multiple revenue sources. The City will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The finance director has the authority to deviate from this policy if it is in the best interest of the City.

O. New Accounting Standards

As of July 1, 2014, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 3. N. and the additional disclosures required by these standards are included in Note 3. K.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Council formally adopts the budget and legally allocates, or appropriates available monies for the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented.
- Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1 of each year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings on the budget are held each year in accordance with legal requirements in order to obtain citizen comments.
- State law requires that on, or before, the third Monday in July of each fiscal year, the City Council must adopt a tentative budget. Once this tentative budget has been adopted, the expenditures may not be increased upon final adoption; however, they may be decreased. The tentative budget must also be published once per week for two consecutive weeks prior to final adoption. Final adoption must take place on or before the second Monday in August.
- The level of control for each legally adopted annual budget is at the department level. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The City Manager may transfer any unencumbered appropriation from one expenditure category to another within a department. Only the Council may transfer any unencumbered appropriation balance, or portion thereof, from one department to another.
- Formal budgetary integration is employed as a management control device through line item levels during the fiscal year for the general, special revenue, debt service, capital projects, enterprise and internal service funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP) with the major differences being: 1) accrued compensated absences are not recognized as expenditures for budgetary purposes, 2) capital outlays for proprietary funds are treated as expenditures, 3) debt service principal payments are treated as expenditures for proprietary funds, 4) capital grants in enterprise funds are budgeted as revenue, and 5) depreciation is not budgeted as an expenditure.

All appropriations and encumbrances unexpended at year-end lapse and are not available in the following year. Budgets for all funds are adopted in accordance with the requirements of the Arizona Constitution, Arizona Revised Statutes and the Prescott City Charter. There were no amendments to the budget after final adoption.

B. Budget Basis of Accounting

The City of Prescott's budget is adopted on a basis other than generally accepted accounting principles. The results of operations which provide a meaningful comparison of actual results with the budget are presented in the fund financial statements - statement of revenues, expenditures and changes in fund balances - budget and actual – for the general fund and major special revenue funds.

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds except for a portion of the Municipal Property Corporation and Community Facilities Districts Funds which have investments held separately by a trustee. The City also maintains petty cash for use in daily operations that totals \$12,046.

Deposits

At June 30, 2015, the carrying amount of the City's deposits was \$35,167,771 and the bank balance was \$36,786,185. The difference represents outstanding checks, deposits in transit and other reconciling items. The Hassayampa Community Facilities Districts had cash held by fiscal agents amounting to \$405,038 at June 30, 2015, which is invested in a US Government Mutual Fund.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2015, the City's deposits were covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus had no deposits that were exposed to custodial credit risk. The City's investment policy requires collateralization of not less than 101% of the market value of investments less any FDIC coverage and requires a third-party custodian to verify collateral deposits prior to the City making payment for any investment requiring collateralization.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of ten years or less. The portfolio is managed to achieve a two-year dollar weighted maturity, the maximum dollar weighted average maturity authorized by the investment policy is three years. As reflected below, the modified duration of the City's investment portfolio on June 30, 2015, was 1.98.

Credit Risk

The City is authorized by city code, resolution and Trust Agreements to invest idle funds in obligations of the United States Government or its agencies, collateralized mortgage obligations and pass-through securities, federally insured certificates of deposit in eligible depositories, fully collateralized repurchase agreements, mutual funds consisting of the foregoing and the State Treasurer's Local Government Investment Pool (LGIP). Investments in the LGIP are not rated by a nationally recognized statistical rating organization. The LGIP is overseen by the State of Arizona.

Concentration of Credit Risk

There are no limits on the amounts that the City may invest in any one issuer or institution. More than five percent (5%) of the City's investments are in mortgage securities backed by U.S. Government Agency, U.S. Treasury Notes, mutual funds investing in U.S. Government securities and the State Treasurer's Local Government Investment Pool. These investments represent 40.4%, 2.0%, 0.6% and 57.0% respectively, of the City's total investments.

Investments

The City's investments at June 30, 2015, are summarized as follows (modified duration is in years):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Modified</u>
		<u>Moody</u>	<u>Duration</u>
State Treasurer's 7 Pool (LGIP-7)	\$ 1,687,653	Not Rated	0.09
State Treasurer's 700 Pool (LGIP-700)	40,594,159	Not Rated	1.78
U.S. Treasury Note	1,497,420	Aaa	2.17
U.S. Government Mutual Fund	409,683	Aaa	0.04
U.S. Agency Mortgage Backed Securities	30,007,369	Aaa	2.37
Total Fair Value	<u>\$ 74,196,284</u>		
Portfolio Modified Duration			1.98

B. Receivables, Advanced Revenue and Deferred Inflows of Resources

Receivables at year-end for the City's major governmental funds and nonmajor governmental funds in the aggregate, net of applicable allowances for uncollectible accounts, are as follows:

	General	Streets and Open Space	Nonmajor Funds	Total
Receivables:				
Accounts	\$2,694,795	\$1,981,788	\$ 138,932	\$ 4,815,515
Allowance	(521,914)	(522,432)	(44,871)	(1,089,217)
Accounts (net)	2,172,881	1,459,356	94,061	3,726,298
Property Taxes	45,860	-	8,869	54,729
Special Assessments	-	-	1,974,000	1,974,000
Interest	35,129	-	-	35,129
Intergovernmental	428,327	293,787	311,704	1,033,818
Total	<u>\$2,682,197</u>	<u>\$1,753,143</u>	<u>\$2,388,634</u>	<u>\$ 6,823,974</u>

Receivables at year-end for the City's major enterprise funds and non-major enterprise funds in the aggregate, net of applicable allowances for uncollectible accounts are as follows:

	Water	Waste- water	Airport	Solid Waste	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 1,913,129	\$965,593	\$193,697	\$282,880	\$ 12,930	\$3,368,229
Allowance	(37,224)	(25,813)	-	(11,061)	-	(74,098)
Accounts (net)	1,875,905	939,780	193,697	271,819	12,930	3,294,131
Intergovernmental	-	-	333,718	-	-	333,718
Total	<u>\$ 1,875,905</u>	<u>\$939,780</u>	<u>\$527,415</u>	<u>\$271,819</u>	<u>\$ 12,930</u>	<u>\$3,627,849</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also postpone recognizing revenue in connection with resources that have been received, but not yet earned. At the end of the year, the various components of unavailable revenue and advanced revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable General Fund	\$ 23,389	\$ -
Delinquent property taxes receivable Debt Service Fund	7,701	-
Delinquent transient lodging tax receivable	548	-
Special assessments not yet due (Debt Service Fund)	35,310	-
Community facilities districts assessments not yet due	1,938,691	-
Advanced rents and deposits General Fund	-	72,000
Grant drawdowns prior to meeting eligibility requirements	56,689	-
Total	<u>\$2,062,328</u>	<u>\$ 72,000</u>

C. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2015, was as follows:

Description	Beginning				Ending Balance
	Balance	Transfers	Increases	Decreases	
Land	\$ 71,909,371	\$ -	\$ 8,918	\$ -	\$ 71,918,289
Construction in progress	2,685,646	(631,402)	4,088,266	-	6,142,510
Total non-depreciable	<u>74,595,017</u>	<u>(631,402)</u>	<u>4,097,184</u>	<u>-</u>	<u>78,060,799</u>
Buildings	37,081,449	-	-	-	37,081,449
Improvements other than buildings	39,230,396	460,873	1,278,682	-	40,969,951
Machinery and equipment	25,166,519	232,698	1,505,051	(204,777)	26,699,491
Infrastructure	261,496,752	170,529	3,967	-	261,671,248
Total depreciable	<u>362,975,116</u>	<u>864,100</u>	<u>2,787,700</u>	<u>(204,777)</u>	<u>366,422,139</u>
Accumulated depreciation					
Buildings	(13,119,929)	-	(902,745)	-	(14,022,674)
Improvements other than buildings	(11,846,505)	-	(1,145,768)	-	(12,992,273)
Machinery and equipment	(17,587,413)	(232,698)	(1,483,660)	187,704	(19,116,067)
Infrastructure	(124,427,675)	-	(13,008,904)	-	(137,436,579)
Total accumulated depreciation	<u>(166,981,522)</u>	<u>(232,698)</u>	<u>(16,541,077)</u>	<u>187,704</u>	<u>(183,567,593)</u>
Governmental activities capital assets net	<u>\$ 270,588,611</u>	<u>\$ -</u>	<u>\$ (9,656,193)</u>	<u>\$ (17,073)</u>	<u>\$ 260,915,345</u>

Depreciation expense for governmental activities reported in the statement of activities is charged to functions as follows:

General government (including internal service funds)	\$ 1,731,204
Community services	32,154
Culture and recreation	954,213
Public safety - police	527,502
Public safety - fire	138,704
Public works	13,157,300
Total depreciation for governmental activities	<u>\$ 16,541,077</u>

Capital assets activity for business-type activities for the year ended June 30, 2015, was as follows:

Description	Beginning				Ending Balance
	Balance	Transfer	Increases	Decreases	
Land	\$ 30,194,876	\$ -	\$ 9,209	\$ -	\$ 30,204,085
Construction in progress	55,330,903	(572,071)	8,607,373	-	63,366,205
Total non-depreciable	<u>85,525,779</u>	<u>(572,071)</u>	<u>8,616,582</u>	<u>-</u>	<u>93,570,290</u>
Buildings	14,823,483	-	-	-	14,823,483
Improvements other than buildings	271,626,814	572,071	2,791,859	(88,307)	274,902,437
Machinery and equipment	17,011,385	(232,698)	1,224,093	(381,719)	17,621,061
Total depreciable	<u>303,461,682</u>	<u>339,373</u>	<u>4,015,952</u>	<u>(470,026)</u>	<u>307,346,981</u>
Accumulated depreciation					
Buildings	(9,851,085)	-	(331,515)	-	(10,182,600)
Improvements other than buildings	(92,909,654)	-	(6,841,736)	-	(99,751,390)
Machinery and equipment	(13,373,112)	232,698	(798,097)	377,548	(13,560,963)
Total accumulated depreciation	<u>(116,133,851)</u>	<u>232,698</u>	<u>(7,971,348)</u>	<u>377,548</u>	<u>(123,494,953)</u>
Business activities capital assets net	<u>\$ 272,853,610</u>	<u>\$ -</u>	<u>\$ 4,661,186</u>	<u>\$ (92,478)</u>	<u>\$ 277,422,318</u>

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$	3,537,177
Wastewater		2,512,123
Airport		1,254,663
Solid waste		393,983
Golf Course		273,401
Total depreciation for business-type activities	\$	<u>7,971,347</u>

D. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. As of the end of the fiscal year, the general fund has established the following receivables for the indicated reason:

The composition of interfund balances as of June 30, 2015, is as follows:

Fund	Reason	Interfund Receivables	Interfund Payables
General fund		\$ 5,138,516	\$ -
Grants fund	Delayed grant reimbursements	-	25,547
Water enterprise fund	Structured 4.7% loan for projects	-	286,082
Wastewater enterprise fund	Structured 4.7% loan for projects	-	510,098
Nonmajor enterprise fund-Golf course	Cumulative operating deficits	-	4,316,789
Total		<u>\$ 5,138,516</u>	<u>\$ 5,138,516</u>

Transfers are used to fund capital projects, reallocate special revenue funds to operating divisions and to cover the City's share of grants. Transfers as of June 30, 2015, were as follows:

Transfer Out	Transfers In				Total Transfers Out
	General Fund	Streets & Open Space	Nonmajor Governmental	Enterprise - Airport	
Governmental					
General Fund	\$ -	\$ -	\$ 96,216	\$ 197,991	\$ 294,207
Streets & Open Space	17,427	-	-	-	17,427
Nonmajor	21,558	129,562	-	-	151,120
Enterprise					
Water	20,332	-	-	-	20,332
Wastewater	16,943	-	-	-	16,943
Solid Waste	12,586	-	-	-	12,586
Total Transfers In	<u>\$ 88,846</u>	<u>\$ 129,562</u>	<u>\$ 96,216</u>	<u>\$ 197,991</u>	

E. Capital Leases

The City is not involved in any capital leases.

F. Long-Term Debt

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City, and are repaid through the City's levying of property taxes. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In May 2007 an additional \$1,510,000 in general obligation bonds were issued. The bonds mature in July 2017. The bonds were issued to make the final phase

improvements to Willow and Watson Lakes. The City has no remaining authorized but unissued general obligation bond authority.

The balance outstanding at June 30, 2015, was as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities (2007 issue)	3.83%	\$ 355,000
		<u>\$ 355,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2016	\$ 175,000	\$ 14,200
2017	180,000	7,200
	<u>\$ 355,000</u>	<u>\$ 21,400</u>

Special Assessment Bonds and Notes

The City establishes Municipal Improvement Districts (MID's) to finance capital improvements in specific areas through the sale of special assessment bonds or a note payable. Project costs are assessed to each property owner benefiting from the improvement, with payments then used to pay debt service on the bonds or notes. In the event a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

The outstanding balance of the various improvement district bonds is reflected below:

<u>Issue</u>	<u>District</u>	<u>Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2004	164	95,840	1/1/2022	2.54%	34,852
					<u>\$ 34,852</u>

Annual debt service requirement to maturity for special assessment bonds in the City's governmental activities is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2016	\$ 5,044	\$ 880
2017	5,044	742
2018	5,044	685
2019	5,044	530
2020	5,044	375
2021-2022	9,632	290
	<u>\$ 34,852</u>	<u>\$ 3,502</u>

Community Facilities District Bonds

Community Facilities District bonds are issued by Community Facilities Districts (CFD), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all the costs of the district. The City has no liability for Community Facilities District bonds. The following districts have been established and have issued bonds:

- Hassayampa CFD, \$7,315,000 special assessment lien bonds issued on November 1, 1996, the bonds carry an interest rate of 7.75% with final maturity in July 2021. The balance of these bonds at June 30, 2015, was \$1,805,000.
- Hassayampa CFD Number 2, \$1,240,000 special assessment lien bonds issued on February 1, 2000, the bonds carry an interest rate of 7.5% with a final maturity in July 2024. The balance of these bonds at June 30, 2015, was \$375,000.

Annual debt service requirements to maturity for Community Facilities District Bonds are as follows:

Year Ending June 30,	Principal	Interest
2016	\$ 275,000	\$ 168,013
2017	300,000	146,775
2018	320,000	123,612
2019	350,000	98,900
2020	375,000	71,875
2021-2024	560,000	65,413
	<u>\$ 2,180,000</u>	<u>\$ 674,588</u>

Municipal Property Corporation Bonds

The Municipal Property Corporation (MPC) is a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City.

The MPC issues its own bonds. Under various agreements, the City makes lease payments, which approximate the amount of debt service payable by the corporation. The City has collateralized the contracts payable to the MPC with a first lien pledge of all excise taxes and state shared revenues.

The MPC retains legal title to the properties until the contracts with the City are paid in full while the City retains sole right to the use of the facilities and is responsible for all operating and maintenance costs.

Following are the pledged revenues compared to debt service for fiscal year ending June 30, 2015:

Pledged Revenues:	
City Privilege and Use Taxes	\$ 14,440,215
State-Shared Revenue	10,783,223
Franchise Taxes	1,632,304
Licenses and Permits	606,539
Fines and Forfeitures	424,800
Charges for Services	3,219,391
Total Pledged Revenues	<u>\$ 31,106,472</u>
Fiscal Year 2015 Debt Service	\$ 3,367,979
Debts Service Coverage	9

The MPC has the following outstanding bonds:

In March 2007, series 2007 bonds were issued in the amount of \$6,625,000. Proceeds of the bonds will be used to pay for the expansion of the City's central garage (\$5,100,000) and the expansion of the City's solid waste transfer station (\$1,525,000). The issue matures in twenty (20) years and was issued with interest rates ranging between 3.625% and 5.00% or an average rate of 4.35% and a final maturity date in 2027.

In February 2010, series 2010 taxable revenue bonds (Qualified Build America Bonds) were issued in the amount of \$18,250,000. Proceeds of the bonds will be used to pay for the State Route 89A/Granite Dells Parkway interchange. The issue matures in twenty (20) years and was issued with interest rates ranging from 1.247% to 6.245% or an average rate of 5.53% and a final maturity date in 2029. The federal government provides an interest subsidy for each debt service payment which represents a reduction in interest cost for the

City; the total subsidy is \$3,985,167 over the 20 year term. The present value benefit to the City compared to issuing tax-exempt bonds amounted to \$1,324,570.

In May 2011, series 2011 bonds were issued in the amount of \$8,910,000. Proceeds of the bonds will be used to pay for the widening and improvement of the Williamson Valley Road (\$8,415,000). The issue matures in twenty (20) years and was issued with an interest rate of 4.18% and a final maturity date in 2031.

In May 2014, series 2014 bonds were issued in the face amount of \$9,000,000 at a premium of \$1,256,503. Proceeds of the bonds were used to refund the series 2004G which were used to acquire the City's portion of the Big Chino Water Ranch. The issue matures in twenty (20) years and was issued with an interest rate of 3.64% and a final maturity date in 2034.

The MPC bonds are recorded in and paid out of revenues of the following funds:

Serviced by		Interest		
Fund	Reason for Financing	Issue	Rate	Amount
Streets and Open Space	Road improvements	2010	5.53%	\$ 14,360,000
	Road improvements	2011	4.21%	7,194,670
Central Garage	Facility expansion	2007	4.35%	3,556,476
	Governmental Activities			25,111,146
Water	Big Chino Water Ranch	2014	3.64%	9,000,000
Solid Waste	Transfer station expansion	2007	4.35%	1,063,524
	Business-type Activities			10,063,524
				<u>\$ 35,174,670</u>

Annual debt service requirements to maturity for MPC bonds are as follows:

Year Ending	Interest				
	Principal	Interest	Subsidy	Premium Amortization	Net Interest
June 30,					
2016	\$ 1,451,000	\$ 1,727,589	\$ (277,992)	\$ (86,390)	\$ 1,363,207
2017	1,495,000	1,666,070	(265,298)	(86,390)	1,314,382
2018	1,789,000	1,599,335	(251,146)	(86,390)	1,261,799
2019	1,994,000	1,517,473	(236,424)	(83,509)	1,197,540
2020	2,065,000	1,432,934	(220,878)	(90,437)	1,121,619
2021-2025	11,640,000	5,556,258	(837,062)	(376,559)	4,342,637
2026-2030	11,322,000	2,446,893	(270,266)	(272,624)	1,904,003
2031-2034	3,418,670	389,311	-	(87,814)	301,497
	<u>\$ 35,174,670</u>	<u>\$ 16,335,863</u>	<u>\$(2,359,066)</u>	<u>\$(1,170,113)</u>	<u>\$ 12,806,684</u>

Water Infrastructure Finance Authority of Arizona Loans

The Water Infrastructure Finance Authority of Arizona (WIFA) is an independent agency of the state of Arizona that is authorized to finance the construction, rehabilitation and/or improvement of drinking water, wastewater, wastewater reclamation, and other water quality facilities/projects. Generally, WIFA offers borrowers below market interest on loans for up to one hundred percent of eligible project costs.

The drinking water loans are recorded in and paid out of revenues of Water Fund while the Clean Water loans are recorded in and paid out of revenues of Wastewater Fund. The loans are secured by a pledge of the net revenues of the respective Water and Wastewater Funds. For the fiscal year ended June 30, 2015, the debt service of these loans were \$5,689,656 and the net revenues available for debt service were \$12,980,560 providing a debt coverage ratio of 228% which is above the 120% debt covenant.

The City has one other outstanding WIFA loan which is reflected in the Special Assessment Bonds and Notes section above for District 164 because this loan is repaid by participants of the improvement district.

The balances of the City's WIFA loans at June 30, 2015, are as follows:

WIFA #	Amount Authorized	Date of Auth.	Maturity Date	Final Amount Borrowed	Interest Rate	Project	Balance June 30
Drinking Water Projects							
920125-08	\$ 9,854,000	8/24/2007	7/1/2027	\$ 9,854,000	3.640%	Water Main Imp	\$ 7,170,684
92A166-09	8,998,096	7/31/2009	7/1/2029	2,759,551	3.143%	Zone 39 Imp	2,070,616
920206-11	1,060,000	12/3/2010	7/1/2030	1,018,796	3.152%	Water Main Imp	860,930
920237-13	15,921,582	1/25/2013	7/1/2032	In Progress	2.800%	Water Main Imp	12,369,168
Total Drinking Water Projects							<u>22,471,398</u>
Clean Water Projects							
910097-08	4,703,000	8/24/2007	7/1/2027	4,703,000	3.868%	Sewer Mains Imp	3,443,419
910122-10	6,573,506	7/31/2009	7/1/2029	6,054,763	3.143%	Sewer Mains Imp	4,856,426
910147-11	2,070,000	12/3/2010	7/1/2030	1,574,593	3.152%	Sewer Mains Imp	1,293,928
910148-11	1,635,870	12/3/2010	7/1/2030	1,480,944	3.152%	Sundog WWTP Imp	1,229,589
910151-11	45,802,753	6/10/2011	7/1/2031	In Progress	2.950%	Airport WWTP	39,381,602
Total Clean Water Projects							<u>50,204,964</u>
Total							<u>\$72,676,362</u>

Annual debt service requirements to maturity for WIFA loans are as follows:

Year Ending	Principal	Interest
June 30,		
2016	\$ 3,541,909	\$ 2,116,969
2017	3,651,599	2,003,848
2018	3,764,720	1,887,188
2019	3,881,378	1,766,875
2020	4,001,692	1,642,796
2021-2025	21,949,252	6,212,365
2026-2030	23,440,774	2,590,035
2031-2033	8,445,038	181,042
	<u>\$ 72,676,362</u>	<u>\$ 18,401,118</u>

Changes in Long-Term Liabilities

The following table reflects the changes in long-term liabilities reported in the government-wide financial statements:

	Beginning Balance	Additional Obligations, and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bond payable:					
General obligation	\$ 520,000	\$ -	\$ 165,000	\$ 355,000	\$ 175,000
Municipal Property Corporation	26,493,718	-	1,382,572	25,111,146	1,381,940
Special assessments	39,896	-	5,044	34,852	5,044
Community Facilities Districts	2,435,000	-	255,000	2,180,000	275,000
Total bonds payable	29,488,614	-	1,807,616	27,680,998	1,836,984
Claims payable	1,250,169	665,842	133,682	1,782,329	195,751
Compensated absences	3,895,206	210,808	400,061	3,705,953	900,427
Governmental activity long-term liabilities	<u>\$ 34,633,989</u>	<u>\$ 876,650</u>	<u>\$ 2,341,359</u>	<u>\$ 33,169,280</u>	<u>\$ 2,933,162</u>
Business-type Activities:					
Municipal Property Corporation					
bonds payable	\$ 10,259,282	\$ -	\$ 195,758	\$ 10,063,524	\$ 69,060
MPC 2014 Unamortized Premium	1,256,503	-	86,390	1,170,113	86,390
Loans payable:					
WIFA	65,743,074	10,516,305	3,583,017	72,676,362	3,686,123
Landfill closure/postclosure costs	2,020,865	-	67,062	1,953,803	114,930
Compensated absences	950,157	109,484	152,742	906,899	163,478
Business-type activity long-term liabilities	<u>\$ 80,229,881</u>	<u>\$ 10,625,789</u>	<u>\$ 4,084,969</u>	<u>\$ 86,770,701</u>	<u>\$ 4,119,981</u>

Compensated Absences

Compensated absences are liquidated in the General fund, Streets & Open Space fund, Enterprise funds and Internal Service funds depending where the employees are assigned.

Legal Debt Margins

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, lighting, parks, open space and recreational purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for other general municipal purposes may not exceed 6% of a City's net secondary assessed valuation. As of June 30, 2015, the City is well within its debt limits, having \$105.6 million in borrowing capacity in the 20% category, and \$31.8 million in borrowing capacity in the 6% category. The City also has a \$1.6 million margin available for Highway User Tax Bonds which represents 50% of the Highway User revenue received in fiscal year 2015.

G. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City became a member of the Arizona Municipal Risk Retention Pool for property liability and workers' compensation insurance effective June 1, 2013. Prior to joining the pool the City's risk management activities were recorded in the general self-insurance fund.

The purpose of the fund is to administer the City's property liability and workers' compensation insurance programs and claims from before the City joined the pool on a cost reimbursement basis. This fund accounts for the risk financing activities of the City but does not constitute a transfer of risk from the City.

Under this program, the fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim and \$500,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

Significant losses are covered by commercial insurance. There have been no other significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The City records an estimated liability for indemnity based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses), and an estimate for claims incurred but not reported (IBNRs) based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage, or subrogation. Workers' compensation unpaid claims liabilities are discounted at 6 percent.

Unpaid Claims Liabilities

The claims liability of \$1,782,329 for general self-insurance reported in the fund at June 30, 2015, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The following represents the changes in approximate aggregate liabilities for the City from June 30, 2013 to June 30, 2015:

Liability balance, June 30, 2013	\$ 1,838,601
Claims and changes in estimates	(509,927)
Claims payments	<u>(78,505)</u>
Liability balance, June 30, 2014	1,250,169
Claims and changes in estimates	665,842
Claims payments	<u>(133,682)</u>
Liability balance, June 30, 2015	<u>\$ 1,782,329</u>

Of the amount shown above, \$195,751 is due within one year and classified as a current liability.

H. Litigation

The City is a defendant in several lawsuits. The City Attorney estimates that any potential claims against the City not covered by insurance resulting from such lawsuits would not materially affect the financial position of the City.

In management's opinion, all other claims or litigation pending at June 30, 2015, which could have a significant effect on the financial position of the City have been provided for in the accounts.

I. Contingent Liabilities

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the City's financial position, results of operations or cash flows.

The City's economic development department has several negotiations in progress that could result in future liabilities to the City.

The City participates in a number of Federal and State assisted grant programs that are subject to financial and compliance audits. Audits for these programs may be conducted at a future date, and the City expects the amount, if any, of the expenditures that may be disallowed by the granting agency to be immaterial.

J. Intergovernmental Agreements

In late 2004, the City acquired 4,500 deeded acres, and a leasehold interest in 2,000 acres of State of Arizona land associated with the JWK Ranch. The property was later renamed the Big Chino Water Ranch (BCWR). It is through this project that the City will implement the right, granted by the Arizona Legislature, to transport groundwater from the Big Chino Sub-basin into the Prescott Active Management Area (AMA).

An intergovernmental agreement dated December 2004 with the Town of Prescott Valley set forth cost-sharing for development of groundwater located in the Big Chino Sub-basin beneath the BCWR for municipal supply purposes. The agreement provides the City with 54.1% and the Town of Prescott Valley with 45.9% of groundwater planned to be imported via this project.

Starting in 2005, the planning and engineering necessary for production and conveyance of the water began with four major tasks: 1) an assessment of the property; 2) well field development and Ranch Management Plan; 3) design and construction of transmission pipeline with associated storage and pumping infrastructure; and 4) installation of groundwater monitoring wells. In 2008, during the economic downturn, further work on these tasks was put on indefinite hold.

On October 12, 2007, the City's Application for Modification of Designation of Assured Water Supply was submitted to the Arizona Department of Water Resources (ADWR). The application requested that ADWR permanently reserve for Prescott a total of 14,000 acre-feet per year (af/yr) of groundwater in the Big Chino Sub-basin pursuant to statutory rights granted to Prescott in 1991 in Arizona Revised Statutes, Title 45 § 555. Prescott also sought ADWR confirmation of current legal availability to the City of 9,571 af/yr of groundwater from the Big Chino Sub-basin for assured water supply purposes. In November 2008, ADWR issued a preliminary decision and order finding that the City's application satisfied all of the requirements for a Designation of Assured Water Supply. More specifically, ADWR determined that the City has the right to withdraw 8,068 af/yr of groundwater from the Big Chino Sub-basin and transport it for use within the Prescott AMA. ADWR's preliminary decision and order confirmed that the groundwater to be transported from the Big Chino Sub-basin is physically, continuously and legally available for at least 100 years, and is consistent with the long-term water management goals of all the state's AMAs, which is to ensure the sustainability of AMA groundwater supplies. The preliminary decision and order was subjected to an administrative hearing in 2009, and then subsequently challenged by various parties in litigation. All litigation regarding the November 2008 ADWR preliminary decision and order was cleared in September 2011, upholding the City's position, enabling issuance of the final ADWR determination of said allowable volume of imported water available to the communities from the Big Chino Sub-basin.

In February 2010, the City entered into an Agreement in Principle with Salt River Project and the Town of Prescott Valley for the purpose of mutually addressing topics associated with the withdrawal and importation of water from the Big Chino Sub-basin. This document contemplated several more detailed ("comprehensive") future agreements addressing groundwater modeling, monitoring, and measures for mitigating effects of groundwater pumping, if any, pursuant to ARS § 45-555(E); settlement of litigation among the parties; and mutual recognition of water rights. A technical amendment to ARS § 45-555(E) was subsequently passed by the Arizona Legislature and signed into law, consistent with the Agreement in Principle, providing certain clarifications and specifying a base importation quantity of 8,068 af/yr. In October 2012, the parties to the Agreement in Principle approved Comprehensive Agreement No. 1 (CA1) which focused on monitoring and modeling needs in the Big Chino Sub-basin, and affirmed each party's water claims for "water arising from the Prescott AMA". This CA1 outlines a ten-year cooperative effort during which hydrogeologic monitoring will commence and a groundwater flow model specific to the sub-basin will be developed. The costs are being shared among the parties and the overall cost is expected to be near \$5.5 million (City of Prescott share \$1.9 million).

A target year for delivery of the water will be determined by future demand for additional water supplies driven by new development, and the Prescott AMA mandate to reach safe-yield by 2025.

K. Retirement and Pension Plans

The City contributes to the three plans described below. The plans are component units of the State of Arizona. At June 30, 2015, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	\$ 90,650,516	\$ 10,527,275	\$ 101,177,791
Deferred outflows of resources	16,175,600	1,321,407	17,497,007
Deferred inflows of resources	4,859,244	1,671,847	6,531,091
Pension expense	10,398,812	752,803	11,151,615

The City reported accrued expenses and employee benefits of \$187,534 for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the City reported \$5,340,443 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

Arizona State Retirement System

Plan Description – City employees, not covered by the other pension plans described below, participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date	
	Before July 1, 2011	On or after July 1, 2011
Years of service (years) and age required to receive benefit	Sum of years and age equals 80 10 years and age 62 5 years and age 50* Any years and age 65	30 years and age 55 25 years and age 60 10 years and age 62 5 years and age 50* Any years and age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months Of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
*With actuarially reduced benefits		

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6% (11.48% for retirement and 0.12% for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 11.6% (10.89% for retirement, 0.59% for health insurance premium benefit, and 0.12% for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.57% (9.51% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would

typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension plan for the year ended June 30, 2015, were \$2,011,554. The City's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year ended June 30	Health Benefit Supplement Fund	Long-term Disability Fund
2015	\$ 107,689	\$ 22,010
2014	110,484	43,934
2013	117,169	43,349

During fiscal year 2015, the City paid for ASRS pension and OPEB contributions as follows: 49.3% from the General Fund, 37.9% from major funds, and 12.8% from other funds.

Pension Liability – At June 30, 2015, the City reported a liability of \$30,338,617 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014.

The City's reported liability at June 30, 2015, decreased to \$30,338,617 from the City's prior year liability of \$34,121,185 because of changes in the ASRS' net pension liability and the City's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The City's proportion of the net pension liability was based on accrued retirement contributions for employers that were members of the ASRS as of June 30, 2014. The City's proportion measured as of June 30, 2014, was 0.205038%, which was a decrease of 0.00021% from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015, the City recognized pension expense for ASRS of \$1,984,934. At June 30, 2015, and the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,541,897	\$ -
Changes of assumptions	-	-
Difference between projected and actual investment earnings	-	5,305,286
Changes in proportion and differences between City contributions and proportionate share of contributions	-	26,462
City contributions subsequent to the measurement date	2,011,554	-
Total	<u>\$ 3,553,451</u>	<u>\$ 5,331,748</u>

The \$2,011,554 reported as deferred outflows of resources related to ASRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$ (667,437)
2017	(667,437)
2018	(1,128,656)
2019	<u>(1,326,321)</u>
Total	<u>\$ (3,789,851)</u>

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity	63%	7.03%	4.43%
Fixed income	25%	3.20%	0.80%
Commodities	4%	4.50%	0.18%
Real estate	8%	4.75%	0.38%
Total	100%		5.79%
Inflation			3.00%
Expected arithmetic nominal return			8.79%

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.79%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City’s proportionate share of the net pension liability	\$ 38,346,456	\$ 30,338,617	\$ 25,993,962

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

Plan Descriptions – City’s police employees and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits Provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years and age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% of retired members pension benefit	
Active Members	80% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50% of the member’s compensation for up to 12 months.

Employees Covered by Benefit Terms – At June 30, 2015, the following employees were covered by the agent pension plans’ benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries currently receiving benefits	59	56
Inactive employees entitled to but not yet receiving benefits	13	14
Active employees	67	53
Total	<u>139</u>	<u>123</u>

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members		
Pension	11.05%	11.05%
City		
Pension	48.39%	57.91%
Health insurance premium benefit	1.88%	1.75%
City Total	50.27%	59.66%

In addition, the City was required by statute to contribute at the actuarially determined rate of 19.65% for the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City’s contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Police	PSPRS Fire
Penion contributions made	\$ 2,015,040	\$ 2,040,868
Health Insurance premium benefit		
OPEB contributions made	75,467	64,150

During fiscal year 2015, the City paid for PSPRS pension and OPEB contributions as follows: 95.7% from the General Fund, 1.6% from major funds, and 2.7% from other funds.

Pension Liability – At June 30, 2015, the City reported the following net pension liabilities:

	Net Pension Liability
PSPRS Police	\$ 34,834,173
PSPRS Fire	36,005,001

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%-8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Pension Discount Rates – The PSPRS Police and PSPRS Fire used a discount rate of 7.85% to measure the total pension liabilities.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

PSPRS Police

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 38,307,661	\$ 11,576,603	\$ 26,731,058
Changes for the year:			
Service cost	761,809	-	761,809
Interest on the total pension liability	2,931,991	-	2,931,991
Changes of Benefit terms	1,200,389	-	1,200,389
Differences between expected and actual experience in the measurement of the pension liability	178,760	-	178,760
Changes of assumptions	5,936,576	-	5,936,576
Contributions-employer	-	1,699,361	(1,699,361)
Contributions-employee	-	410,728	(410,728)
Net investment income	-	1,463,603	(1,463,603)
Benefit payments, including refunds of employee contributions	(2,676,726)	(2,676,726)	-
Other changes	-	(667,282)	667,282
Net changes	8,332,799	229,684	8,103,115
Balance at June 30, 2015	\$ 46,640,460	\$ 11,806,287	\$ 34,834,173

PSPRS Fire

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 44,966,549	\$ 17,110,244	\$ 27,856,305
Changes for the year:			
Service cost	625,416	-	625,416
Interest on the total pension liability	3,407,472	-	3,407,472
Changes of Benefit terms	970,471	-	970,471
Differences between expected and actual experience in the measurement of the pension liability	812,892	-	812,892
Changes of assumptions	5,458,928	-	5,458,928
Contributions-employer	-	1,474,478	(1,474,478)
Contributions-employee	-	462,684	(462,684)
Net investment income	-	2,103,311	(2,103,311)
Benefit payments, including refunds of employee contributions	(3,743,947)	(3,743,947)	-
Other changes	-	(913,990)	913,990
Net changes	7,531,232	(617,464)	8,148,696
Balance at June 30, 2015	\$ 52,497,781	\$ 16,492,780	\$ 36,005,001

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate – The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.85%)	Current Discount Rate (7.85%)	1% Increase (8.85%)
PSPRS Police	\$ 40,389,521	\$ 34,834,173	\$ 30,215,860
PSPRS Fire	42,183,681	36,005,001	30,860,479
City's net pension liability	<u>\$ 82,573,202</u>	<u>\$ 70,839,174</u>	<u>\$ 61,076,339</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense – For the year ended June 30, 2015, the City recognized \$4,791,388 for PSPRS Police and \$4,375,293 for PSPRS Fire in pension expense.

Pension Deferred Outflows/Inflows of Resources – At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 142,107	\$ -
Changes of assumptions or other inputs	4,719,341	-
Net difference between projected and actual earnings on pension plan investments	-	492,125
City contributions subsequent to the measurement date	2,015,040	-
Balance at June 30, 2015	<u>\$ 6,876,488</u>	<u>\$ 492,125</u>

PSPRS Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 651,447	\$ -
Changes of assumptions or other inputs	4,374,753	-
Net difference between projected and actual earnings on pension plan investments	-	707,218
City contributions subsequent to the measurement date	2,040,868	-
Balance at June 30, 2015	<u>\$ 7,067,068</u>	<u>\$ 707,218</u>

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	PSPRS	PSPRS
	Police	Fire
2016	\$ 1,130,857	\$ 1,068,816
2017	1,130,857	1,068,816
2018	1,130,857	1,068,816
2019	976,752	1,068,816
2020	-	43,718
Total	<u>\$ 4,369,323</u>	<u>\$ 4,318,982</u>

Agent Plan OPEB Trend Information – The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years:

Year ending June 30	Annual OPEB Cost	Percentage of	
		Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2015	\$ 82,028	100%	\$ 82,028
2014	80,880	100%	80,880
2013	81,774	100%	81,774
PSPRS Fire			
2015	62,160	100%	62,160
2014	62,539	100%	62,539
2013	71,416	100%	71,416

Agent Plan OPEB Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as understood by the City and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

PSPRS-OPEB Contribution Requirements	
Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor

Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Wage growth	4.5%

The funded status of the all the PSPRS health insurance premium benefit plans in the June 30, 2014, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

PSPRS-OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

Agent Plan OPEB Funded Status – The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2014.

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 742,289	\$ 1,083,850
Actuarial accrued liability (b)	1,037,527	856,616
Unfunded actuarial accrued liability (funding excess) (b)-(a)	295,238	(227,234)
Funded ratio (a)/(b)	71.54%	126.53%
Annual covered payroll (c)	\$ 4,031,435	\$ 3,581,592
Unfunded actuarial accrued liability as a percentage of covered payroll (b)-(a) / (c)	7.32%	0.00%

L. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations required the City to place a final cover on its Sundog Ranch Road landfill site when it stopped accepting waste in 1999; additionally, the City is required to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City stopped receiving waste at its landfill and received a small landfill exemption from the EPA in fiscal year 1998 and started installing the final cover in fiscal year 1999. The \$1,953,803 reported in the solid waste enterprise fund as landfill closure and post-closure care liability at June 30, 2015, represents the total amount of estimated cost of closure and post-closure care. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The post-closure care costs are paid for by landfill closure surcharge fees imposed on each solid waste user.

M. Commitments and Future Obligations

The City has remaining construction commitments totaling \$2.8 million for various road projects, and \$3.9 million for various water and sewer infrastructure.

N. Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Government Wide

	Governmental Activities	Business- type Activities
Net Position as previously reported at June 30, 2014	\$ 299,177,789	\$ 234,675,319
Prior period adjustment-implementation of GASB 68:		
Net pension liability (measurement date as of 6/30/13)	(78,805,598)	(11,473,614)
Deferred outflows-City contributions made during fiscal year 2014	4,487,808	663,681
Total prior period adjustment	(74,317,790)	(10,809,933)
Net position as restated, July 1, 2014	\$ 224,859,999	\$ 223,865,386

Proprietary Funds

	Major Enterprise Funds				Nonmajor Enterprise Fund	Internal Service Funds
	Water	Waste Water	Airport	Solid Waste		
Net Position as previously reported at June 30, 2014	\$ 138,709,336	\$ 55,089,659	\$ 33,344,786	\$ 6,513,147	\$ 1,018,391	\$ 10,175,136
Prior period adjustment-implementation of GASB 68:						
Net pension liability (measurement date as of 6/30/13)	(3,561,028)	(3,264,418)	(1,731,747)	(2,057,174)	(859,247)	(3,184,423)
Deferred outflows-City contributions made during fiscal year 2014	206,396	189,204	99,046	119,233	49,802	184,568
Total prior period adjustment	(3,354,632)	(3,075,214)	(1,632,701)	(1,937,941)	(809,445)	(2,999,855)
Net position as restated, July 1, 2014	\$ 135,354,704	\$ 52,014,445	\$ 31,712,085	\$ 4,575,206	\$ 208,946	\$ 7,175,281



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability Cost-Sharing Pension Plan

Last ten fiscal years

Arizona State Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2006	2005	0.000000%	\$ -	\$ -	0.00%	0.00%
2007	2006	0.000000%	-	-	0.00%	0.00%
2008	2007	0.000000%	-	-	0.00%	0.00%
2009	2008	0.000000%	-	-	0.00%	0.00%
2010	2009	0.000000%	-	-	0.00%	0.00%
2011	2010	0.000000%	-	-	0.00%	0.00%
2012	2011	0.000000%	-	-	0.00%	0.00%
2013	2012	0.000000%	-	-	0.00%	0.00%
2014	2013	0.000000%	-	-	0.00%	0.00%
2015	2014	0.205038%	30,338,617	18,620,421	162.93%	69.49%

Information for Fiscal Year 2006 through 2014 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Net Pension Liability and Related Ratios Agent Pension Plan (Prescott Police Dept.)

Last ten fiscal years (in thousands of dollars)

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Measurement Date	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Pension Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,809
Interest on the total pension liability	-	-	-	-	-	-	-	-	-	2,931,991
Benefit changes	-	-	-	-	-	-	-	-	-	1,200,389
Difference between expected and actual experience	-	-	-	-	-	-	-	-	-	178,760
Assumption changes	-	-	-	-	-	-	-	-	-	5,936,576
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	(2,676,726)
Net change in total pension liability	-	-	-	-	-	-	-	-	-	8,332,799
Total pension liability - beginning	-	-	-	-	-	-	-	-	-	38,307,661
Total pension liability - ending	<u>\$ -</u>	<u>\$46,640,460</u>								
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,699,361
Employee contributions	-	-	-	-	-	-	-	-	-	410,728
Pension plan net investment income	-	-	-	-	-	-	-	-	-	1,463,603
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	(2,676,726)
Other	-	-	-	-	-	-	-	-	-	(667,282)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-	229,684
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-	-	11,576,603
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$11,806,287</u>								
Net pension liability	-	-	-	-	-	-	-	-	-	34,834,173
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	25.31%
Covered valuation payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,031,432
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	864.06%

Information for Fiscal Year 2006 through 2014 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Net Pension Liability and Related Ratios Agent Pension Plan (Prescott Fire Dept.)

Last ten fiscal years (in thousands of dollars)

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Measurement Date	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Pension Liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,416
Interest on the total pension liability	-	-	-	-	-	-	-	-	-	3,407,472
Benefit changes	-	-	-	-	-	-	-	-	-	970,471
Difference between expected and actual experience	-	-	-	-	-	-	-	-	-	812,892
Assumption changes	-	-	-	-	-	-	-	-	-	5,458,928
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	(3,743,947)
Net change in total pension liability	-	-	-	-	-	-	-	-	-	7,531,232
Total pension liability - beginning	-	-	-	-	-	-	-	-	-	44,966,549
Total pension liability - ending	<u>\$ -</u>	<u>\$52,497,781</u>								
Plan Fiduciary Net Position										
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,474,478
Employee contributions	-	-	-	-	-	-	-	-	-	462,684
Pension plan net investment income	-	-	-	-	-	-	-	-	-	2,103,311
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	(3,743,947)
Other	-	-	-	-	-	-	-	-	-	(913,990)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-	(617,464)
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-	-	17,110,244
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$16,492,780</u>								
Net pension liability	-	-	-	-	-	-	-	-	-	36,005,001
Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	31.42%
Covered valuation payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,581,595
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1005.28%

Information for Fiscal Year 2006 through 2014 is not available

CITY OF PRESCOTT, ARIZONA
Required Supplementary Information
Schedule of Pension Contributions Arizona State Retirement System

Last ten fiscal years

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2006	\$ -	\$ -	\$ -	\$ -	0.00%
2007	-	-	-	-	0.00%
2008	-	-	-	-	0.00%
2009	-	-	-	-	0.00%
2010	-	-	-	-	0.00%
2011	-	-	-	-	0.00%
2012	-	-	-	-	0.00%
2013	-	-	-	-	0.00%
2014	1,992,385	1,992,385	-	18,620,421	10.70%
2015	2,011,554	2,011,554	-	18,471,570	10.89%

Information for Fiscal Year 2006 through 2013 is not available

CITY OF PRESCOTT, ARIZONA
Required Supplementary Information
Schedule of Pension Contributions Pubic Safety Personnel Retirement System (Prescott Police Dept.)
 Last ten fiscal years

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2006	\$ -	\$ -	\$ -	\$ -	0.00%
2007	-	-	-	-	0.00%
2008	-	-	-	-	0.00%
2009	-	-	-	-	0.00%
2010	-	-	-	-	0.00%
2011	-	-	-	-	0.00%
2012	-	-	-	-	0.00%
2013	-	-	-	-	0.00%
2014	1,703,683	1,703,683	-	4,031,432	42.26%
2015	2,015,040	2,015,040	-	4,164,166	48.39%

Information for Fiscal Year 2006 through 2013 is not available

CITY OF PRESCOTT, ARIZONA

Required Supplementary Information

Schedule of Pension Contributions Pubic Safety Personnel Retirement System (Prescott Fire Dept.)

Last ten fiscal years

<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Payroll</u>
2006	\$ -	\$ -	\$ -	\$ -	0.00%
2007	-	-	-	-	0.00%
2008	-	-	-	-	0.00%
2009	-	-	-	-	0.00%
2010	-	-	-	-	0.00%
2011	-	-	-	-	0.00%
2012	-	-	-	-	0.00%
2013	-	-	-	-	0.00%
2014	1,501,047	1,501,047	-	3,581,595	41.91%
2015	2,040,868	2,040,868	-	3,524,207	57.91%

Information for Fiscal Year 2006 through 2013 is not available



COMBINING STATEMENTS

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. These funds are usually required by statute, charter provision or ordinance to finance particular functions or activities. The nonmajor special revenue funds of the City of Prescott are listed below.

Transient Lodging Tax Fund

This fund receives and expends tax revenues charged on transient lodging activity within the City. Revenues are to be used for the promotion of tourism and development of recreational facilities within the City.

Grants Fund

This represents a group of funds, which expends grant monies received by the City for various projects. Grant funds must be used for the stated purpose of the grant and must meet grantor expenditure guidelines.

Miscellaneous Gift Trust Fund

This fund accounts for miscellaneous gifts and donations to the City.

Acker Trust Fund

Accounts for the assets willed to the City by J. S. Acker. Revenue from investments and land sales are to be expended for cultural and recreational purposes only.

CAPITAL PROJECT FUNDS

Capital project funds are established to record financial resources that are restricted to expenditure for capital outlays.

Impact Fees Fund

This fund is used to account for impact fees charged to new residential construction to cover the cost of new capital facilities required to serve this new development.

Community Facilities Districts Fund

This fund is used to account for the expenditures of debt issued by the Community Facilities Districts.

DEBT SERVICE FUNDS

Debt service funds are established to record the accumulation of resources for, and the payment of long-term debt principal and interest not serviced by other funds.

City of Prescott

This fund accounts for the accumulation of resources and payment of principal and interest on general obligation and special assessment long-term debt.

Community Facilities Districts

This fund is used to account for the special assessments and the principal and interest expenditures of the debt issued by the districts. Although these bonds are not obligations of the City, generally accepted accounting principles indicate that the bonds be disclosed herein.

CITY OF PRESCOTT, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital Projects Fund		Debt Service Fund		Total Nonmajor Governmental Funds
	Transient Lodging Tax	Grants	Miscellaneous: Gift Trust	Acker Trust	Community Facilities Districts	Impact Fees	City of Prescott	Community Facilities Districts	
ASSETS									
Cash and short-term investments	\$ 312,591	\$ -	\$ 179,469	\$ 570,663	\$ 775,294	\$ 3,026,721	\$ 260,114	\$ 715,651	\$ 5,840,503
Restricted cash and investments	-	-	-	-	-	-	-	405,038	405,038
Accounts receivable (net)	91,991	-	-	-	-	2,070	-	-	94,061
Property taxes receivable	-	-	-	-	-	-	8,869	-	8,869
Special assessments receivable	-	-	-	-	-	-	35,309	1,938,691	1,974,000
Intergovernmental receivable	-	311,704	-	-	-	-	-	-	311,704
Total assets	<u>\$ 404,582</u>	<u>\$ 311,704</u>	<u>\$ 179,469</u>	<u>\$ 570,663</u>	<u>\$ 775,294</u>	<u>\$ 3,028,791</u>	<u>\$ 304,292</u>	<u>\$ 3,059,380</u>	<u>\$ 8,634,175</u>
LIABILITIES									
Accounts payable	\$ 18,041	\$ 79,972	\$ 6,828	\$ -	\$ -	\$ 40	\$ 474	\$ -	\$ 105,355
Accrued expenditures	2,278	5,160	-	-	-	-	-	-	7,438
Interfund payable	-	25,547	-	-	-	-	-	-	25,547
Total liabilities	<u>20,319</u>	<u>110,679</u>	<u>6,828</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>474</u>	<u>-</u>	<u>138,340</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	548	56,689	-	-	-	-	43,011	1,938,691	2,038,939
Total deferred inflows of resources	<u>548</u>	<u>56,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,011</u>	<u>1,938,691</u>	<u>2,038,939</u>
FUND BALANCES									
Restricted	383,715	144,336	172,641	570,663	775,294	3,028,751	260,807	1,120,689	6,456,896
Total fund balances	<u>383,715</u>	<u>144,336</u>	<u>172,641</u>	<u>570,663</u>	<u>775,294</u>	<u>3,028,751</u>	<u>260,807</u>	<u>1,120,689</u>	<u>6,456,896</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 404,582</u>	<u>\$ 311,704</u>	<u>\$ 179,469</u>	<u>\$ 570,663</u>	<u>\$ 775,294</u>	<u>\$ 3,028,791</u>	<u>\$ 304,292</u>	<u>\$ 3,059,380</u>	<u>\$ 8,634,175</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2015

Revenues	Special Revenue Funds				Capital Projects Fund		Debt Service Fund		Total Nonmajor Governmental Funds
	Transient Lodging Tax	Miscellaneous Grants	Miscellaneous Gift Trust	Miscellaneous Acker Trust	Community Facilities Districts	Community Impact Fees	City of Prescott	Community Facilities Districts	
	Taxes	\$ 724,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,505	
Intergovernmental revenues	-	1,368,329	-	-	-	-	-	-	1,368,329
Gifts and donations	-	-	93,193	-	-	-	-	-	93,193
Interest and investment income	2,258	1,626	-	4,720	1,963	25,978	4,445	175,697	216,687
Miscellaneous	3,230	-	-	-	-	23,153	5,044	422,407	453,834
Total revenues	<u>730,295</u>	<u>1,369,955</u>	<u>93,193</u>	<u>4,720</u>	<u>1,963</u>	<u>49,131</u>	<u>85,994</u>	<u>598,104</u>	<u>2,933,355</u>
Expenditures									
Current operating									
General government	583,622	70,886	-	-	-	-	-	11,910	666,418
Community services	-	200,489	6,125	-	-	-	-	-	206,614
Culture and recreation	62,174	8,820	56,586	8,425	-	12,500	-	-	148,505
Police and court	-	593,061	43,107	-	-	-	-	-	636,168
Fire	-	334,182	9,369	-	-	-	-	-	343,551
Capital outlay									
Fire	-	9,608	-	-	-	-	-	-	9,608
Public works	-	148,024	-	-	-	-	-	-	148,024
Debt service - principal	-	-	-	-	-	-	170,044	255,000	425,044
Debt service - interest	-	-	-	-	-	-	22,241	187,700	209,941
Total expenditures	<u>645,796</u>	<u>1,365,070</u>	<u>115,187</u>	<u>8,425</u>	<u>-</u>	<u>12,500</u>	<u>192,285</u>	<u>454,610</u>	<u>2,793,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>84,499</u>	<u>4,885</u>	<u>(21,994)</u>	<u>(3,705)</u>	<u>1,963</u>	<u>36,631</u>	<u>(106,291)</u>	<u>143,494</u>	<u>139,482</u>
Other Financing Sources (Uses)									
Transfers in	-	96,216	-	-	-	-	-	-	96,216
Transfers out	(20,000)	(1,558)	-	-	-	(129,562)	-	-	(151,120)
Total other financing sources (uses)	<u>(20,000)</u>	<u>94,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,562)</u>	<u>-</u>	<u>-</u>	<u>(54,904)</u>
Net change in fund balance	<u>64,499</u>	<u>99,543</u>	<u>(21,994)</u>	<u>(3,705)</u>	<u>1,963</u>	<u>(92,931)</u>	<u>(106,291)</u>	<u>143,494</u>	<u>84,578</u>
Fund balance - beginning	319,216	44,793	194,635	574,368	773,331	3,121,682	367,098	977,195	6,372,318
Fund balance - ending	<u>\$ 383,715</u>	<u>\$ 144,336</u>	<u>\$ 172,641</u>	<u>\$ 570,663</u>	<u>\$ 775,294</u>	<u>\$ 3,028,751</u>	<u>\$ 260,807</u>	<u>\$ 1,120,689</u>	<u>\$ 6,456,896</u>



SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

GOVERNMENTAL FUNDS

Special Revenue Funds

- Transient lodging tax
- Grants
- Miscellaneous gift trust
- Acker trust

Capital Project Funds

- Community Facilities Districts
- Impact fees

Debt Service Funds

- City of Prescott
- Community Facilities Districts

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Transient Lodging Tax Special Revenue Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Taxes - transient lodging tax	\$ 630,000	\$ 630,000	\$ 724,807	\$ 94,807
Investment income	2,000	2,000	2,258	258
Miscellaneous	-	-	3,230	3,230
Total revenues	<u>632,000</u>	<u>632,000</u>	<u>730,295</u>	<u>98,295</u>
Expenditures				
Current operating				
General Government	665,723	665,723	583,622	82,101
Culture and recreation	70,000	70,000	62,174	7,826
Total expenditures	<u>735,723</u>	<u>735,723</u>	<u>645,796</u>	<u>89,927</u>
Excess (deficiency) of revenues over expenditures	(103,723)	(103,723)	84,499	188,222
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	(123,723)	(123,723)	64,499	188,222
Fund balance - beginning	319,216	319,216	319,216	-
Fund balance - ending	<u>\$ 195,493</u>	<u>\$ 195,493</u>	<u>\$ 383,715</u>	<u>\$ 188,222</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Grants Special Revenue Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Intergovernmental revenues	\$ 5,264,539	\$ 5,264,539	\$ 1,368,329	\$ (3,896,210)
Interest and investment income	1,500	1,500	1,626	126
Total revenues	<u>5,266,039</u>	<u>5,266,039</u>	<u>1,369,955</u>	<u>(3,896,084)</u>
Expenditures				
Current				
General government	1,000,000	1,000,000	70,886	929,114
Community services	567,595	567,595	200,489	367,106
Culture and recreation	109,750	109,750	8,820	100,930
Police and court	1,029,343	1,029,343	593,061	436,282
Fire	2,916,500	2,916,500	334,182	2,582,318
Total current	<u>5,623,188</u>	<u>5,623,188</u>	<u>1,207,438</u>	<u>4,415,750</u>
Capital outlay				
Fire	-	-	9,608	(9,608)
Public Works	548,420	548,420	148,024	400,396
Total capital outlay	<u>548,420</u>	<u>548,420</u>	<u>157,632</u>	<u>390,788</u>
Total expenditures	<u>6,171,608</u>	<u>6,171,608</u>	<u>1,365,070</u>	<u>4,806,538</u>
Excess (deficiency) of revenues over expenditures	<u>(905,569)</u>	<u>(905,569)</u>	<u>4,885</u>	<u>910,454</u>
Other Financing Sources (Uses)				
Transfers in	925,069	925,069	96,216	(828,853)
Transfers out	-	-	(1,558)	(1,558)
Total other financing sources (uses)	<u>925,069</u>	<u>925,069</u>	<u>94,658</u>	<u>(830,411)</u>
Net change in fund balances	<u>19,500</u>	<u>19,500</u>	<u>99,543</u>	<u>80,043</u>
Fund balance - beginning	44,793	44,793	44,793	-
Fund balance - ending	<u>\$ 64,293</u>	<u>\$ 64,293</u>	<u>\$ 144,336</u>	<u>\$ 80,043</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Miscellaneous Gift Trust Special Revenue Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Gifts and donations	\$ -	\$ -	\$ 93,193	\$ 93,193
Total revenues	-	-	93,193	93,193
Expenditures				
Current				
Community services	-	-	6,125	(6,125)
Culture and recreation	308,332	308,332	56,586	251,746
Police and court	-	-	43,107	(43,107)
Fire	-	-	9,369	(9,369)
Total expenditures	308,332	308,332	115,187	193,145
Excess (deficiency) of revenues over expenditures	(308,332)	(308,332)	(21,994)	286,338
Fund balance - beginning	194,635	194,635	194,635	-
Fund balance - ending	\$ (113,697)	\$ (113,697)	\$ 172,641	\$ 286,338

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Acker Trust Special Revenue Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Interest and investment income	\$ 7,000	\$ 7,000	\$ 4,720	\$ (2,280)
Total revenues	7,000	7,000	4,720	(2,280)
Expenditures				
Culture and recreation	10,000	10,000	8,425	1,575
Total expenditures	10,000	10,000	8,425	1,575
Excess (deficiency) of revenues over expenditures	(3,000)	(3,000)	(3,705)	(705)
Fund balance - beginning	574,368	574,368	574,368	-
Fund balance - ending	\$ 571,368	\$ 571,368	\$ 570,663	\$ (705)

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Facilities Districts Capital Projects Fund**

For the year ended June 30, 2015

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ -	\$ -	\$ 1,963	\$ 1,963
Total revenues	-	-	1,963	1,963
Expenditures				
Capital outlay	773,000	773,000	-	773,000
Total expenditures	773,000	773,000	-	773,000
Excess (deficiency) of revenues over expenditures	(773,000)	(773,000)	1,963	774,963
Fund balance - beginning	773,331	773,331	773,331	-
Fund balance - ending	\$ 331	\$ 331	\$ 775,294	\$ 774,963

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Impact Fees Fund Capital Project Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Licenses and permits - impact fees	\$ 81,319	\$ 81,319	\$ -	\$ (81,319)
Interest and investment income	39,200	39,200	25,978	(13,222)
Miscellaneous	24,359	24,359	23,153	(1,206)
Total revenues	<u>144,878</u>	<u>144,878</u>	<u>49,131</u>	<u>(95,747)</u>
Expenditures				
Current operating				
Culture and recreation	25,000	25,000	12,500	12,500
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>12,500</u>	<u>12,500</u>
Excess (deficiency) of revenues over expenditures	<u>119,878</u>	<u>119,878</u>	<u>36,631</u>	<u>(83,247)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(125,117)</u>	<u>(125,117)</u>	<u>(129,562)</u>	<u>(4,445)</u>
Total other financing sources (uses)	<u>(125,117)</u>	<u>(125,117)</u>	<u>(129,562)</u>	<u>(4,445)</u>
Net change in fund balances	<u>(5,239)</u>	<u>(5,239)</u>	<u>(92,931)</u>	<u>(87,692)</u>
Fund balance - beginning	<u>3,121,682</u>	<u>3,121,682</u>	<u>3,121,682</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,116,443</u>	<u>\$ 3,116,443</u>	<u>\$ 3,028,751</u>	<u>\$ (87,692)</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City of Prescott Debt Service Fund**

For the year ended June 30, 2015

	Budget		Actual	Variance With
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
Revenues				
Property tax revenue	\$ 75,000	\$ 75,000	\$ 76,505	\$ 1,505
Interest and investment income	11,017	11,017	4,445	(6,572)
Miscellaneous	5,045	5,045	5,044	(1)
Total revenues	<u>91,062</u>	<u>91,062</u>	<u>85,994</u>	<u>(5,068)</u>
Expenditures				
Debt service				
Principal	170,045	170,045	170,044	1
Interest	23,817	23,817	22,241	1,576
Total expenditures	<u>193,862</u>	<u>193,862</u>	<u>192,285</u>	<u>1,577</u>
Excess (deficiency) of revenues over expenditures	(102,800)	(102,800)	(106,291)	(3,491)
Fund balance - beginning	367,098	367,098	367,098	-
Fund balance - ending	<u>\$ 264,298</u>	<u>\$ 264,298</u>	<u>\$ 260,807</u>	<u>\$ (3,491)</u>

CITY OF PRESCOTT, ARIZONA

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Facilities Districts Debt Service Fund**

For the year ended June 30, 2015

	Budget		Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and investment income	\$ -	\$ -	\$ 175,697	\$ 175,697
Miscellaneous	1,027,700	1,027,700	422,407	(605,293)
Total revenues	<u>1,027,700</u>	<u>1,027,700</u>	<u>598,104</u>	<u>(429,596)</u>
Expenditures				
Current				
General government	60,000	60,000	11,910	48,090
Debt Service				
Principal	780,000	780,000	255,000	525,000
Interest	187,700	187,700	187,700	-
Total expenditures	<u>1,027,700</u>	<u>1,027,700</u>	<u>454,610</u>	<u>573,090</u>
Excess (deficiency) of revenues over expenditures	-	-	143,494	143,494
Fund balance - beginning	977,195	977,195	977,195	-
Fund balance - ending	<u>\$ 977,195</u>	<u>\$ 977,195</u>	<u>\$ 1,120,689</u>	<u>\$ 143,494</u>



COMBINING STATEMENTS

Nonmajor Proprietary Funds

ENTERPRISE FUNDS

Golf course

This fund accounts for the activity related to the operation of the golf course and the Manzanita Grille restaurant.

CITY OF PRESCOTT, ARIZONA
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2015

	<u>Golf Course</u>	<u>Totals</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable (net)	12,930	12,930
Inventory (at cost)	42,595	42,595
Total current assets	<u>55,525</u>	<u>55,525</u>
Noncurrent Assets		
Capital Assets		
Land and construction in process	1,963,554	1,963,554
Buildings	694,879	694,879
Improvements other than buildings	5,650,170	5,650,170
Machinery and equipment	1,951,645	1,951,645
Less accumulated depreciation	(5,039,097)	(5,039,097)
Total noncurrent assets	<u>5,221,151</u>	<u>5,221,151</u>
Total assets	<u>5,276,676</u>	<u>5,276,676</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	89,484	89,484
Total assets and deferred outflows of resources	<u>5,366,160</u>	<u>5,366,160</u>
LIABILITIES		
Current Liabilities		
Accounts payable	171,266	171,266
Accrued expenses	21,779	21,779
Advanced revenue	61,076	61,076
Total current liabilities	<u>254,121</u>	<u>254,121</u>
Noncurrent Liabilities		
Compensated absences	36,826	36,826
Pension liability	763,994	763,994
Interfund payable	4,316,789	4,316,789
Total noncurrent liabilities	<u>5,117,609</u>	<u>5,117,609</u>
Total liabilities	<u>5,371,730</u>	<u>5,371,730</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	134,265	134,265
Total deferred inflows of resources	<u>134,265</u>	<u>134,265</u>
Total liabilities and deferred inflows of resources	<u>5,505,995</u>	<u>5,505,995</u>
NET POSITION		
Net investment in capital assets	5,221,151	5,221,151
Unrestricted	(5,360,986)	(5,360,986)
Total net position	<u>\$ (139,835)</u>	<u>\$ (139,835)</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the year ended June 30, 2015

	Golf Course	Totals
Operating Revenues		
Golf course green fees	\$ 1,182,265	\$ 1,182,265
Restaurant sales	873,360	873,360
Golf course rentals	680,993	680,993
Golf pro-shop sales	222,853	222,853
Miscellaneous	173	173
Total operating revenues	<u>2,959,644</u>	<u>2,959,644</u>
Operating Expenses		
Personnel services	1,420,416	1,420,416
Supplies	740,265	740,265
Other services and charges	864,831	864,831
Depreciation	273,401	273,401
Total operating expenses	<u>3,298,913</u>	<u>3,298,913</u>
Operating income (loss)	<u>(339,269)</u>	<u>(339,269)</u>
Non-Operating Revenues (Expenses)		
Interest expense	(9,512)	(9,512)
Total non-operating Revenues (expenses)	<u>(9,512)</u>	<u>(9,512)</u>
Income (loss) before contributions and transfers	(348,781)	(348,781)
Transfers In	-	-
Change in net position	<u>(348,781)</u>	<u>(348,781)</u>
Total net position - beginning (restated)	208,946	208,946
Total net position - ending	<u>\$ (139,835)</u>	<u>\$ (139,835)</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the year ended June 30, 2015

	<u>Golf Course</u>	<u>Totals</u>
Cash flows from operating activities:		
Cash received from customers	\$ 3,004,763	\$ 3,004,763
Cash payments to employees for services	(1,420,084)	(1,420,084)
Cash payments to suppliers for goods and services	(1,543,900)	(1,543,900)
Net cash provided by (used for) operating activities	<u>40,779</u>	<u>40,779</u>
Cash flows from noncapital financing activities:		
Receipt (payment) under interfund loan arrangement	97,733	97,733
Net cash provided by (used for) noncapital financing activity	<u>97,733</u>	<u>97,733</u>
Cash flows from capital and related financing activities:		
Interest paid on capital financing	(9,512)	(9,512)
Principal paid on capital financing	(129,000)	(129,000)
Net cash provided by (used for) capital and related financing activities	<u>(138,512)</u>	<u>(138,512)</u>
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at July 1	-	-
Cash and cash equivalents at June 30	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ (339,269)	\$ (339,269)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	273,401	273,401
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	60,007	60,007
Increase (decrease) in compensated absences	(3,208)	(3,208)
(Increase) decrease in accounts receivable	45,117	45,117
(Increase) decrease in inventory	1,191	1,191
Increase (decrease) salary & benefits payable	3,540	3,540
Total adjustments	<u>380,048</u>	<u>380,048</u>
Net cash provided by operating activities	<u>\$ 40,779</u>	<u>\$ 40,779</u>

COMBINING STATEMENTS

Internal Service Funds

Internal service funds are used to account for services and commodities furnished by one department to other departments of the City on a cost reimbursement basis. Funds included are:

Fleet Maintenance

To account for the cost of operating a maintenance facility for automotive and other equipment used by various departments. These costs, including depreciation, are billed to the various using departments. The various user departments who acquire automotive and other equipment are responsible for replacement costs.

Risk Management

To account for the costs, both direct and indirect, of maintaining comprehensive property damage and general liability and workers' compensation insurance coverage. Revenue to this fund is derived from charges to City departments.

Engineering Services

To account for the costs, both direct and indirect, of the engineering department which does work for other departments of the City. Revenue to this fund is derived from charges to City departments based on the work performed for the department.

Facilities Maintenance

To provide maintenance and custodial service to all City owned facilities. Revenue to this fund is derived from charges to participating City departments.

CITY OF PRESCOTT, ARIZONA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

ASSETS	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Totals
Current Assets					
Cash and cash equivalents	\$ 3,155,142	\$ 239,706	\$ 1,420,418	\$ 298,125	\$ 5,113,391
Accounts receivable (net)	3,716	-	-	-	3,716
Interest receivable	-	3,108	-	-	3,108
Inventory at cost	325,469	-	-	-	325,469
Total current assets	<u>3,484,327</u>	<u>242,814</u>	<u>1,420,418</u>	<u>298,125</u>	<u>5,445,684</u>
Noncurrent Assets					
Restricted cash and cash equivalents	-	1,497,420	-	-	1,497,420
Land and construction in process	13,191	-	-	-	13,191
Buildings	5,259,218	-	-	-	5,259,218
Improvements other than buildings	12,473	-	36,550	-	49,023
Machinery and equipment	7,577,252	-	302,521	107,539	7,987,312
Less accumulated depreciation	(5,545,087)	-	(303,684)	(73,137)	(5,921,908)
Total noncurrent assets	<u>7,317,047</u>	<u>1,497,420</u>	<u>35,387</u>	<u>34,402</u>	<u>8,884,256</u>
Total assets	<u>10,801,374</u>	<u>1,740,234</u>	<u>1,455,805</u>	<u>332,527</u>	<u>14,329,940</u>
Deferred Outflows of Resources					
Deferred outflows related to pensions	76,545	-	201,922	53,165	331,632
Total assets and deferred outflows of resources	<u>10,877,919</u>	<u>1,740,234</u>	<u>1,657,727</u>	<u>385,692</u>	<u>14,661,572</u>
LIABILITIES					
Current Liabilities					
Accounts payable	139,414	470	3,462	62,944	206,290
Accrued expenses	13,778	-	45,492	11,710	70,980
Claims payable	-	195,751	-	-	195,751
Compensated absences - current	3,103	-	61,143	74,621	138,867
Bonds and assessments - current	230,940	-	-	-	230,940
Total current liabilities	<u>387,235</u>	<u>196,221</u>	<u>110,097</u>	<u>149,275</u>	<u>842,828</u>
Noncurrent Liabilities					
Claims payable	-	1,586,578	-	-	1,586,578
Compensated absences	29,969	-	83,546	5,328	118,843
Bonds and assessments payable	3,325,536	-	-	-	3,325,536
Pension liability	653,528	-	1,723,971	453,908	2,831,407
Total noncurrent liabilities	<u>4,009,033</u>	<u>1,586,578</u>	<u>1,807,517</u>	<u>459,236</u>	<u>7,862,364</u>
Total liabilities	<u>4,396,268</u>	<u>1,782,799</u>	<u>1,917,614</u>	<u>608,511</u>	<u>8,705,192</u>
Deferred Inflows of Resources					
Deferred inflows related to pensions	114,852	-	302,973	79,770	497,595
Total liabilities and deferred inflows of resources	<u>4,511,120</u>	<u>1,782,799</u>	<u>2,220,587</u>	<u>688,281</u>	<u>9,202,787</u>
NET POSITION					
Net investment in capital assets	3,760,571	-	35,387	34,402	3,830,360
Unrestricted	2,606,228	(42,565)	(598,247)	(336,991)	1,628,425
Total net position	<u>\$ 6,366,799</u>	<u>\$ (42,565)</u>	<u>\$ (562,860)</u>	<u>\$ (302,589)</u>	<u>\$ 5,458,785</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2015

	<u>Fleet</u> <u>Maintenance</u>	<u>Risk</u> <u>Management</u>	<u>Engineering</u> <u>Services</u>	<u>Facilities</u> <u>Maintenance</u>	<u>Total</u>
Operating Revenues					
Charges for services	\$ 2,114,003	\$ -	\$ 1,843,566	\$ 1,332,217	\$ 5,289,786
Other services	-	895,956	-	-	895,956
Total operating revenues	<u>2,114,003</u>	<u>895,956</u>	<u>1,843,566</u>	<u>1,332,217</u>	<u>6,185,742</u>
Operating Expenses					
Personnel services	564,271	-	1,433,973	429,461	2,427,705
Supplies	855,520	99	39,049	138,586	1,033,254
Other services and charges	452,695	1,865,208	324,134	815,597	3,457,634
Depreciation	856,958	-	12,970	8,988	878,916
Total operating expenses	<u>2,729,444</u>	<u>1,865,307</u>	<u>1,810,126</u>	<u>1,392,632</u>	<u>7,797,509</u>
Operating income (loss)	<u>(615,441)</u>	<u>(969,351)</u>	<u>33,440</u>	<u>(60,415)</u>	<u>(1,611,767)</u>
Non-operating Revenues (Expenses)					
Interest and investment income	33,719	16,621	11,876	2,096	64,312
Net gain (loss) on disposal of assets	(1,946)	-	-	-	(1,946)
Debt service interest	(167,095)	-	-	-	(167,095)
Total non-operating revenues	<u>(135,322)</u>	<u>16,621</u>	<u>11,876</u>	<u>2,096</u>	<u>(104,729)</u>
Income (loss) before transfers	<u>(750,763)</u>	<u>(952,730)</u>	<u>45,316</u>	<u>(58,319)</u>	<u>(1,716,496)</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>(750,763)</u>	<u>(952,730)</u>	<u>45,316</u>	<u>(58,319)</u>	<u>(1,716,496)</u>
Total net position - beginning (restated)	7,117,562	910,165	(608,176)	(244,270)	7,175,281
Total net position - ending	<u>\$ 6,366,799</u>	<u>\$ (42,565)</u>	<u>\$ (562,860)</u>	<u>\$ (302,589)</u>	<u>\$ 5,458,785</u>

CITY OF PRESCOTT, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2015

	Fleet Maintenance	Risk Management	Engineering Services	Facilities Maintenance	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 2,110,288	\$ 923,456	\$ 1,843,566	\$ 1,332,216	\$ 6,209,526
Cash payments to employees for services	(611,319)	(36)	(1,499,369)	(401,849)	(2,512,573)
Cash payments to suppliers for goods and services	(1,250,829)	(1,346,553)	(363,091)	(940,578)	(3,901,051)
Net cash provided by (used for) operating activities	<u>248,140</u>	<u>(423,133)</u>	<u>(18,894)</u>	<u>(10,211)</u>	<u>(204,098)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(818,347)	-	-	(13,400)	(831,747)
Interest paid on capital financing	(167,095)	-	-	-	(167,095)
Principal paid on capital financing	(223,242)	-	-	-	(223,242)
Proceeds from sales of capital assets	6,246	-	-	-	6,246
Net cash provided by (used for) capital and related financing activities	<u>(1,202,438)</u>	<u>-</u>	<u>-</u>	<u>(13,400)</u>	<u>(1,215,838)</u>
Cash Flows from Investing Activities:					
Interest on investments	33,719	13,513	11,876	2,096	61,204
Net cash provided by (used for) investing activities	<u>33,719</u>	<u>13,513</u>	<u>11,876</u>	<u>2,096</u>	<u>61,204</u>
Net increase (decrease) in cash and cash equivalents	(920,579)	(409,620)	(7,018)	(21,515)	(1,358,732)
Cash and cash equivalents - beginning	4,075,721	2,146,746	1,427,436	319,640	7,969,543
Cash and cash equivalents - ending	<u>\$ 3,155,142</u>	<u>\$ 1,737,126</u>	<u>\$ 1,420,418</u>	<u>\$ 298,125</u>	<u>\$ 6,610,811</u>
Reconciliation to statement of net position					
Cash and cash equivalents at June 30, unrestricted	\$ 3,155,142	\$ 239,706	\$ 1,420,418	\$ 298,125	\$ 5,113,391
Cash and cash equivalents at June 30, restricted	-	1,497,420	-	-	1,497,420
Total	<u>\$ 3,155,142</u>	<u>\$ 1,737,126</u>	<u>\$ 1,420,418</u>	<u>\$ 298,125</u>	<u>\$ 6,610,811</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Operating income (loss)	\$ (615,441)	\$ (969,351)	\$ 33,440	\$ (60,415)	\$ (1,611,767)
Adjustments to reconcile operating income activities:					
Depreciation	856,958	-	12,970	8,988	878,916
Change in assets and liabilities:					
Increase (decrease) in accounts payable	85,847	518,754	92	13,604	618,297
Increase (decrease) in compensated absences	(47,697)	-	(55,396)	25,787	(77,306)
(Increase) decrease in customer receivable	(3,716)	27,500	-	-	23,784
(Increase) decrease in inventory	(28,460)	-	-	-	(28,460)
Increase (decrease) in salaries & benefits payable	649	(36)	(10,000)	1,825	(7,562)
Total adjustments	<u>863,581</u>	<u>546,218</u>	<u>(52,334)</u>	<u>50,204</u>	<u>1,407,669</u>
Net cash provided by (used for) operating activities	<u>\$ 248,140</u>	<u>\$ (423,133)</u>	<u>\$ (18,894)</u>	<u>\$ (10,211)</u>	<u>\$ (204,098)</u>

Fiduciary Funds

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity for others. The City maintains one agency fund.

County Justice Court Agency

Accounts for the cash collection of the County Justice and Juvenile Courts. These clearing accounts are offset by an equal liability. There is no measurement of the results of operations.

CITY OF PRESCOTT, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2015

	Agency Funds			
	County Justice Court			
	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
ASSETS				
Cash and short-term investments	\$ 132,490	\$ 1,498,091	\$ 1,474,085	\$ 156,496
Total assets	<u>\$ 132,490</u>	<u>\$ 1,498,091</u>	<u>\$ 1,474,085</u>	<u>\$ 156,496</u>
LIABILITIES				
Due to other governments	\$ 132,490	\$ 1,498,091	\$ 1,474,085	\$ 156,496
Total liabilities	<u>\$ 132,490</u>	<u>\$ 1,498,091</u>	<u>\$ 1,474,085</u>	<u>\$ 156,496</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF PRESCOTT, ARIZONA
Schedule of General Obligation Bonds Payable
June 30, 2015

	Municipal Facilities Bond Series 2007
Interest rates	3.83%
Issue date	5/8/2007
Final maturity date	7/1/2017
Authorized	\$ 1,510,000
Issued	1,510,000
Retired	1,155,000
Outstanding	355,000
Principal retirement:	
2016	175,000
2017	180,000

CITY OF PRESCOTT, ARIZONA

Schedule of Bonds Payable to the City of Prescott's Municipal Property Corporation

June 30, 2015

	Central Garage & Transfer Station	89A and Granite Dells Parkway Taxable Revenue Bonds (1)	Williamson Valley Rd	Refunding MPC 2004-G Big Chino Ranch	Total Bonds Payable
	Series 2007	Series 2010	Series 2011	Series 2014	
Interest rates	4.35%	3.63%	4.18%	3.85%	N/A
Issue date	5/8/2007	2/18/2010	5/12/2011	5/29/2014	N/A
Final maturity	7/1/2027	7/1/2029	7/1/2031	7/1/2034	N/A
Authorized	\$ 6,625,000	\$ 18,250,000	\$ 8,910,000	\$ 9,000,000	\$ 42,785,000
Issued	6,625,000	18,250,000	8,910,000	9,000,000	42,785,000
Retired	2,005,000	3,890,000	1,715,330	-	7,610,330
Outstanding	4,620,000	14,360,000	7,194,670	9,000,000	35,174,670
Principal retirement:					
2016	300,000	825,000	326,000	-	1,451,000
2017	310,000	845,000	340,000	-	1,495,000
2018	325,000	870,000	354,000	240,000	1,789,000
2019	340,000	900,000	369,000	385,000	1,994,000
2020	355,000	930,000	385,000	395,000	2,065,000
2021	370,000	960,000	401,000	415,000	2,146,000
2022	390,000	990,000	418,000	430,000	2,228,000
2023	410,000	1,025,000	435,000	450,000	2,320,000
2024	430,000	1,065,000	453,000	475,000	2,423,000
2025	450,000	1,100,000	473,000	500,000	2,523,000
2026	460,000	1,140,000	492,000	510,000	2,602,000
2027	480,000	1,190,000	513,000	545,000	2,728,000
2028	-	1,235,000	535,000	570,000	2,340,000
2029	-	1,285,000	557,000	600,000	2,442,000
2030	-	-	580,000	630,000	1,210,000
2031	-	-	563,670	660,000	1,223,670
2032	-	-	-	695,000	695,000
2033	-	-	-	735,000	735,000
2034	-	-	-	765,000	765,000

1. The Series 2010 Municipal Properties Corporation Bonds are taxable revenue bonds that are qualified Build America Bonds. The federal government will provide a subsidy totaling \$3,985,167 over the term of the bonds reducing the City's interest obligation from \$11,386,190 to \$7,401,024 over the term of the issue.

CITY OF PRESCOTT, ARIZONA
Schedule of Special Assessment Bonds Payable
 June 30, 2015

	Imp. District #164
Interest rates	2- 3.082%
Issue date	10/1/2003
Final maturity date	1/1/2022
Authorized	\$ 95,840
Issued	95,840
Retired	60,988
Outstanding	34,852
Principal retirement:	
2016	5,044
2017	5,044
2018	5,044
2019	5,044
2020	5,044
2021	5,044
2022	4,588

CITY OF PRESCOTT, ARIZONA

Schedule of Community Facilities Districts Bonds Payable

June 30, 2015

	Hassayampa #1		Hassayampa #2		Total
	Community Facilities Bonds		Community Facilities Bonds		Community Facilities
	Series 1996		Series 2000		Bonds
Interest rates	7.75%		7.50%		N/A
Issue date	11/1/1996		2/1/2000		N/A
Final maturity date	7/1/2021		7/1/2024		N/A
Authorized	\$ 7,315,000	\$	1,240,000	\$	8,555,000
Issued	7,315,000		1,240,000		8,555,000
Retired	5,510,000		865,000		6,375,000
Outstanding	1,805,000		375,000		2,180,000
Principal retirement:					
2016	245,000		30,000		275,000
2017	265,000		35,000		300,000
2018	285,000		35,000		320,000
2019	310,000		40,000		350,000
2020	335,000		40,000		375,000
2021	365,000		45,000		410,000
2022	-		50,000		50,000
2023	-		50,000		50,000
2024	-		50,000		50,000

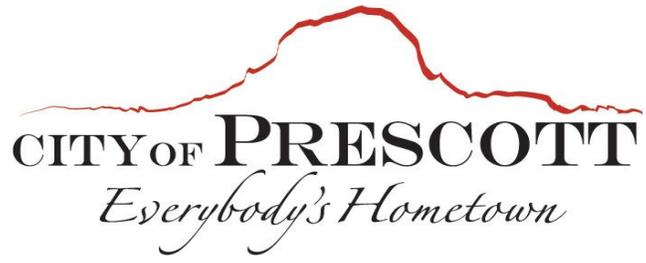
CITY OF PRESCOTT, ARIZONA

Schedule of Loans Payable From Water Infrastructure Finance Authority

June 30, 2015

	<u>Clean Water Loan</u>	<u>Drinking Water Loan</u>	<u>Drinking Water Loan</u>	<u>Drinking Water Loan</u>	<u>Drinking Water Loan</u>	<u>Total Payable</u>				
	<u>910097-08</u>	<u>910122-10</u>	<u>910147-11</u>	<u>910148-11</u>	<u>910151-11</u>	<u>920125-08</u>	<u>92A166-09</u>	<u>920206-11</u>	<u>920237-13</u>	
Interest rates	3.868%	3.143%	3.152%	3.152%	2.950%	3.64%	3.143%	3.152%	2.800%	N/A
Issue date	8/24/2007	7/31/2009	12/3/2010	12/3/2010	6/10/2011	8/24/2007	7/31/2009	12/3/2010	1/25/2013	N/A
Final maturity date	7/1/2027	7/1/2029	7/1/2030	7/1/2030	7/1/2031	7/1/2027	7/1/2029	7/1/2030	7/1/2032	N/A
Authorized	\$ 4,703,000	\$ 6,573,506	\$ 2,070,000	\$ 1,635,870	\$ 45,802,753	\$ 9,854,000	\$ 8,998,096	\$ 1,060,000	\$ 15,921,582	\$ 96,618,807
Issued to date	4,703,000	6,054,763	1,574,593	1,480,944	43,100,357	9,854,000	6,759,551	1,018,796	15,472,993	90,018,997
Final amount issued	4,703,000	6,054,763	1,574,593	1,480,944	In Progress	9,854,000	2,759,551	1,018,796	In Progress	27,445,647
Retired	1,259,581	1,198,337	280,665	251,355	3,718,755	2,683,316	688,935	157,866	1,069,625	11,308,435
Forgivable Prin. (1)	-	-	-	-	-	-	4,000,000	-	2,034,200	6,034,200
Outstanding	3,443,419	4,856,426	1,293,928	1,229,589	39,381,602	7,170,684	2,070,616	860,930	12,369,168	72,676,362
Principal retirement:										
2016	208,827	258,398	65,261	60,273	1,817,346	441,137	110,594	42,202	537,871	3,541,909
2017	216,904	266,518	67,318	62,173	1,870,957	457,195	114,070	43,532	552,932	3,651,599
2018	225,294	274,893	69,440	64,133	1,926,151	473,837	117,654	44,904	568,414	3,764,720
2019	234,008	283,531	71,629	66,154	1,982,972	491,084	121,352	46,319	584,329	3,881,378
2020	243,060	292,441	73,887	68,239	2,041,470	508,960	125,165	47,779	600,691	4,001,692
2021	252,461	301,631	76,216	70,390	2,101,693	527,486	129,098	49,285	617,510	4,125,770
2022	262,227	311,110	78,618	72,609	2,163,693	546,686	133,155	50,839	634,800	4,253,737
2023	272,370	320,887	81,096	74,897	2,227,522	566,586	137,340	52,441	652,575	4,385,714
2024	282,905	330,971	83,652	77,258	2,293,234	587,209	141,656	54,094	670,847	4,521,826
2025	293,848	341,371	86,289	79,693	2,360,884	608,584	146,107	55,799	689,630	4,662,205
2026	305,214	352,099	89,009	82,205	2,430,530	630,736	150,698	57,558	708,940	4,806,989
2027	317,019	363,164	91,814	84,796	2,502,231	653,695	155,434	59,372	728,790	4,956,315
2028	329,282	374,576	94,708	87,469	2,576,047	677,489	160,319	61,244	749,197	5,110,331
2029		386,347	97,693	90,226	2,652,040		165,357	63,174	770,174	4,225,011
2030		398,489	100,773	93,070	2,730,275		162,617	65,165	791,739	4,342,128
2031			66,525	96,004	2,810,819			67,223	813,908	3,854,479
2032					2,893,738				836,697	3,730,435
2033									860,124	860,124

(1) WIFA has given the City forgivable principal on two of our current outstanding loans.



STATISTICAL SECTION

STATISTICAL SECTION

Statistical section information is presented for five categories - financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

Financial trends information is intended to assist users in understanding and assessing how the City's financial position has changed over time.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the City's ability to generate its own-source revenues.

Debt capacity information is intended to assist users in understanding and assessing the City's debt burden and its ability to issue additional debt.

Demographic and economic information is intended:

- ◆ to assist users in understanding the socioeconomic environment within which the City operates and
- ◆ to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating information is intended to provide contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition.

CITY OF PRESCOTT, ARIZONA

Table I

Statistical Section - Financial Trends

Net Position by Component

Last ten fiscal years (in millions of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$184.8	\$203.7	\$257.6	\$266.1	\$256.8	\$252.0	\$244.2	\$250.6	\$241.5	\$233.2
Restricted	50.2	31.4	22.0	14.5	26.8	33.3	28.2	22.0	26.7	26.4
Unrestricted (1)	11.6	33.3	18.9	21.3	18.2	11.8	20.7	28.6	31.0	(48.1)
Total governmental activities net position	<u>\$246.6</u>	<u>\$268.4</u>	<u>\$298.5</u>	<u>\$301.9</u>	<u>\$301.8</u>	<u>\$297.1</u>	<u>\$293.1</u>	<u>\$301.2</u>	<u>\$299.2</u>	<u>\$211.5</u>
Business-type activities										
Net investment in capital assets	\$148.8	\$162.0	\$170.1	\$179.7	\$180.2	\$181.2	\$186.6	\$196.2	\$195.6	\$192.7
Restricted	7.6	9.4	11.0	10.3	3.3	5.9	1.7	3.4	2.1	4.1
Unrestricted	14.2	10.6	12.0	8.4	20.6	21.6	28.1	27.6	37.0	31.0
Total business-type activities net position	<u>\$170.6</u>	<u>\$182.0</u>	<u>\$193.1</u>	<u>\$198.4</u>	<u>\$204.1</u>	<u>\$208.7</u>	<u>\$216.4</u>	<u>\$227.2</u>	<u>\$234.7</u>	<u>\$227.9</u>
Primary government										
Net investment in capital assets	\$333.6	\$365.7	\$427.7	\$445.8	\$437.0	\$433.2	\$430.8	\$446.8	\$437.1	\$425.9
Restricted	57.8	40.8	33.0	24.8	30.1	39.2	30.0	25.5	28.8	30.5
Unrestricted	25.8	43.9	30.9	29.7	38.8	33.4	48.8	56.2	68.0	(17.1)
Total primary government net position	<u>\$417.2</u>	<u>\$450.4</u>	<u>\$491.6</u>	<u>\$500.3</u>	<u>\$505.9</u>	<u>\$505.8</u>	<u>\$509.6</u>	<u>\$528.5</u>	<u>\$533.9</u>	<u>\$439.3</u>

Source: City of Prescott finance department

(1) The pension liability was recorded in FY15 with the implementation of GASB 68 causing a negative unrestricted net position.

CITY OF PRESCOTT, ARIZONA

Table IIa

Statistical Section - Financial Trends

Changes in Net Position

Last ten fiscal years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General government	\$ 6,086,650	\$ 4,422,607	\$ 2,795,027	\$ 4,729,659	\$ 5,270,318	\$ 4,751,361	\$ 3,845,602	\$ 3,302,722	\$ 3,556,422	\$ 3,743,815
Community services	2,409,814	3,215,988	2,753,553	2,496,954	1,581,189	1,828,771	1,575,162	1,618,583	1,366,383	1,360,733
Culture and recreation	6,177,208	6,688,038	7,423,431	7,128,215	6,755,821	5,695,054	6,087,787	6,293,045	5,957,646	6,392,706
Public Safety										
Police and court	10,615,068	11,871,859	12,708,979	11,577,275	13,199,261	12,701,709	12,922,445	13,045,965	13,652,419	17,587,983
Fire	7,069,541	7,392,504	8,154,199	8,136,035	8,283,157	7,033,768	7,570,584	7,857,447	8,515,633	11,880,437
Total public safety	17,684,609	19,264,363	20,863,178	19,713,310	21,482,418	19,735,477	20,493,029	20,903,412	22,168,052	29,468,420
Public Works	14,483,522	16,078,254	16,900,857	17,504,910	17,159,687	20,078,009	20,201,958	15,627,648	20,720,875	25,225,409
Interest on long-term debt	1,087,363	1,003,567	1,195,481	1,055,002	945,490	1,516,480	1,801,417	1,612,868	1,469,883	1,353,344
Total governmental activities expenses	47,929,166	50,672,817	51,931,527	52,628,050	53,194,923	53,605,152	54,004,955	49,358,278	55,239,261	67,544,427
Business-type Activities:										
Airport	5,052,283	4,716,619	4,101,413	2,106,018	2,667,588	2,143,260	1,879,071	2,055,655	2,227,768	2,876,479
Golf course	2,629,179	3,219,774	3,539,999	3,027,055	3,177,877	3,118,481	3,015,435	3,060,199	3,139,242	3,308,425
Parking garage (1)	102,270	251,831	250,970	244,877	233,647	240,892	235,347	-	-	-
Solid waste	8,637,308	9,063,406	9,253,640	8,432,884	8,565,248	8,183,227	8,364,648	7,415,304	6,524,765	7,627,325
Wastewater	6,100,960	6,363,510	7,415,592	7,070,036	7,240,349	7,268,274	7,618,029	8,231,034	9,387,267	9,638,754
Water	8,163,189	9,910,947	10,251,868	10,398,324	11,730,387	12,327,147	10,860,729	11,929,598	11,967,526	12,564,523
Total business-type activities expenses	30,685,189	33,526,087	34,813,482	31,279,194	33,615,096	33,281,281	31,973,259	32,691,790	33,246,568	36,015,506
Total primary government expenses	\$78,614,355	\$84,198,904	\$86,745,009	\$83,907,244	\$86,810,019	\$86,886,433	\$85,978,214	\$82,050,068	\$88,485,829	\$103,559,933

Source: City of Prescott finance department

(1) Parking garage opened in fiscal year 2006 and merged into the general fund in fiscal year 2013.

CITY OF PRESCOTT, ARIZONA

Table 1Ib

Statistical Section - Financial Trends

Changes in Net Position

Last ten fiscal years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenue										
Governmental Activities:										
Charges for services:										
General government (1)	\$ 1,704,995	\$ 373,184	\$ 424,522	\$ 287,233	\$ 275,792	\$ 399,268	\$ 364,375	\$ 388,673	\$ 385,950	\$ 837,786
Community services (1)	329,140	1,012,016	759,032	557,381	451,277	406,925	523,237	632,081	795,668	786,856
Culture and recreation	1,342,645	1,106,163	828,718	676,388	1,336,685	1,386,960	1,216,202	1,220,539	1,254,957	1,096,025
Public Safety										
Police and court	1,637,260	1,735,625	1,810,533	2,029,268	1,862,438	1,783,712	1,784,691	1,823,242	1,808,570	1,725,069
Fire	542,641	593,633	653,650	393,231	517,585	502,926	473,685	355,762	491,900	417,389
Total public safety	2,179,901	2,329,258	2,464,183	2,422,499	2,380,023	2,286,638	2,258,376	2,179,004	2,300,470	2,142,458
Public Works	750,987	451,537	314,725	270,456	343,168	305,655	343,828	362,466	340,834	305,230
Operating grants and contributions	4,536,312	5,110,022	5,320,140	4,680,179	5,419,640	2,958,436	2,511,253	2,025,251	1,881,404	1,543,348
Capital grants and contributions	13,509,535	10,003,889	12,437,202	2,009,069	1,788,843	4,429,608	3,067,646	3,095,090	3,561,636	3,923,280
Total governmental activities program revenues	24,353,515	20,386,069	22,548,522	10,903,205	11,995,428	12,173,490	10,284,917	9,903,104	10,520,919	10,634,983
Business-type Activities:										
Charges for services:										
Airport	4,472,618	4,127,668	3,350,194	1,312,884	1,270,370	1,372,979	1,305,057	1,341,487	1,369,868	1,447,951
Golf course	2,570,842	3,382,094	3,257,411	2,981,108	2,666,753	2,580,592	2,604,899	2,622,774	2,723,743	2,959,473
Parking garage (2)	64,632	58,527	58,072	48,063	52,731	39,331	42,973	-	-	-
Solid waste	9,519,355	9,699,398	9,207,131	8,930,779	8,402,515	7,887,491	8,034,858	6,249,960	6,361,379	6,464,166
Wastewater	4,139,815	4,406,795	4,485,370	5,836,923	6,555,018	7,625,038	8,899,845	9,634,789	10,608,168	11,160,984
Water	9,472,952	9,439,229	12,371,505	11,833,103	11,206,436	12,525,849	13,658,884	14,630,537	14,248,524	15,024,817
Operating grants and contributions	-	-	-	-	195,055	48,852	-	-	-	15,820
Capital grants and contributions	11,398,193	11,426,649	11,443,754	3,995,467	7,637,797	2,231,217	4,285,113	13,753,449	3,882,122	2,201,105
Total business-type activities program revenues	41,638,407	42,540,360	44,173,437	34,938,327	37,986,675	34,311,349	38,831,629	48,232,996	39,193,804	39,274,316
Total primary government revenues	\$65,991,922	\$62,926,429	\$66,721,959	\$45,841,532	\$49,982,103	\$46,484,839	\$49,116,546	\$58,136,100	\$49,714,723	\$49,909,299
Net (Expense)/Revenue										
Governmental activities	\$ (23,575,651)	\$ (30,286,748)	\$ (29,383,005)	\$ (41,724,845)	\$ (41,199,495)	\$ (41,431,662)	\$ (43,720,038)	\$ (39,455,174)	\$ (44,718,342)	\$ (56,909,444)
Business-type activities	10,953,218	9,014,273	9,359,955	3,659,133	4,371,579	1,030,068	6,858,370	15,541,206	5,947,236	3,258,810
Total primary government net expense	\$ (12,622,433)	\$ (21,272,475)	\$ (20,023,050)	\$ (38,065,712)	\$ (36,827,916)	\$ (40,401,594)	\$ (36,861,668)	\$ (23,913,968)	\$ (38,771,106)	\$ (53,650,634)

Source: City of Prescott finance department

(1) Charges for various permits and inspections were moved from general government to community services in fiscal year 2007.

(2) Parking garage opened in fiscal year 2006 and merged into the general fund in fiscal year 2013.

CITY OF PRESCOTT, ARIZONA

Table IIc
Statistical Section - Financial Trends
Changes in Net Position

Last ten fiscal years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental revenues and other changes in net position										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 1,044,116	\$ 1,121,323	\$ 1,156,383	\$ 1,211,716	\$ 1,227,325	\$ 1,257,419	\$ 1,252,755	\$ 1,088,021	\$ 1,516,097	\$ 1,565,326
Property taxes, levied for debt service	1,690,354	1,708,876	1,909,468	1,935,447	1,627,818	1,552,902	1,568,599	1,573,489	182,477	73,978
Utility franchise taxes	1,369,307	1,488,072	1,563,883	1,567,388	1,644,977	1,637,128	1,624,459	1,618,259	1,621,289	1,632,304
City privilege and use tax, general purposes	15,129,080	15,810,057	14,975,742	12,794,026	12,177,884	11,763,668	12,593,700	13,667,950	14,102,837	14,340,554
City privilege and use tax, major street and open space program	14,731,785	15,333,864	14,365,539	12,157,858	11,711,274	11,237,566	12,131,870	13,127,520	13,613,846	13,823,070
Transient lodging tax	417,001	437,770	529,488	558,806	462,709	509,488	554,396	526,893	620,722	719,268
Intergovernmental revenues - unrestricted	10,124,341	11,614,540	12,528,123	12,205,058	10,564,433	9,441,614	8,709,498	9,535,838	10,039,455	10,783,223
Interest and investment income	1,790,200	3,728,455	3,015,995	2,070,231	1,359,253	1,165,562	805,723	395,818	902,171	670,586
Gain (loss) on sale of property (1)	-	-	8,595,744	164,217	(1,152,911)	-	-	-	-	-
Miscellaneous	818,055	875,139	546,570	618,265	965,685	498,367	500,110	761,972	393,379	53,322
Transfers	(6,345,662)	(83,037)	300,237	(67,811)	388,326	(2,538,596)	(12,940)	5,310,563	(365,117)	(148,129)
Total governmental activities	40,768,577	52,035,059	59,487,172	45,215,201	40,976,773	36,525,118	39,728,170	47,606,323	42,627,156	43,513,502
Business-type Activities:										
Interest and investment income	676,194	1,691,475	1,846,596	1,296,043	992,399	559,838	551,910	50,812	639,606	449,479
Intergovernmental revenues - unrestricted	-	-	-	-	176,755	-	-	-	-	-
Gain (loss) on sale of property	-	-	(921,677)	-	(359)	-	-	-	-	-
Miscellaneous	839,545	636,048	732,782	598,764	566,141	513,120	342,380	336,231	599,186	131,763
Transfers	6,345,662	83,037	(300,237)	67,811	(388,326)	2,538,596	12,940	(5,310,563)	365,117	148,129
Total business-type activities	7,861,401	2,410,560	1,357,464	1,962,618	1,346,610	3,611,554	907,230	(4,923,520)	1,603,909	729,371
Total primary government	\$ 48,629,978	\$ 54,445,619	\$ 60,844,636	\$ 47,177,819	\$ 42,323,383	\$ 40,136,672	\$ 40,635,400	\$ 42,682,803	\$ 44,231,065	\$ 44,242,873
Change in net position										
Governmental activities	\$ 17,192,926	\$ 21,748,311	\$ 30,104,167	\$ 3,490,356	\$ (222,722)	\$ (4,906,544)	\$ (3,991,868)	\$ 8,151,149	\$ (2,091,186)	\$ (13,395,942)
Business-type activities	18,814,619	11,424,833	10,717,419	5,621,751	5,718,189	4,641,622	7,765,600	10,617,686	7,551,145	3,988,181
Total primary government	\$ 36,007,545	\$ 33,173,144	\$ 40,821,586	\$ 9,112,107	\$ 5,495,467	\$ (264,922)	\$ 3,773,732	\$ 18,768,835	\$ 5,459,959	\$ (9,407,761)

Source: City of Prescott finance department

(1) The majority of the gain reflected in 2008 resulted from the land trade with Yavapai County, whereby the City acquired the rodeo grounds property in exchange for City property located near Sundog Ranch road and Prescott Lakes parkway.

CITY OF PRESCOTT, ARIZONA

Table III

Statistical Section - Financial Trends

Governmental Activities Revenues and Change in Net Position

Last ten fiscal years

Fiscal Year	Governmental activities:											
	Program Revenues				General Revenues						Total Program & General Revenue	Total Net Revenue/Change in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Taxes	Intergovernmental	Interest & Investment Income	Transfers, Gain(loss) & Miscellaneous	Total			
2006	\$ 6,307,668	\$ 4,536,312	\$ 13,509,535	\$ 24,353,515	\$ 34,381,643	\$ 10,124,341	\$ 1,790,200	\$ (5,527,607)	\$ 40,768,577	\$ 65,122,092	\$ 17,192,926	
2007	5,272,158	5,110,022	10,003,889	20,386,069	35,899,962	11,614,540	3,728,455	792,102	52,035,059	72,421,128	21,748,311	
2008	4,791,180	5,320,140	12,437,202	22,548,522	34,500,503	12,528,123	3,015,995	9,442,551	59,487,172	82,035,694	30,104,167	
2009	4,213,957	4,680,179	2,009,069	10,903,205	30,225,241	12,205,058	2,070,231	714,671	45,215,201	56,118,406	3,490,356	
2010	4,786,945	5,419,640	1,788,843	11,995,428	28,851,987	10,564,433	1,359,253	201,100	40,976,773	52,972,201	(222,722)	
2011	4,785,446	2,958,436	4,429,608	12,173,490	27,958,171	9,441,614	1,165,562	(2,040,229)	36,525,118	48,698,608	(4,906,544)	
2012	4,706,018	2,511,253	3,067,646	10,284,917	29,725,779	8,709,498	805,723	487,170	39,728,170	50,013,087	(3,991,868)	
2013	4,782,763	2,025,251	3,095,090	9,903,104	31,602,132	9,535,838	395,818	6,072,535	47,606,323	57,509,427	8,151,149	
2014	5,077,879	1,881,404	3,561,636	10,520,919	31,657,268	10,039,455	902,171	28,262	42,627,156	53,148,075	(2,091,186)	
2015	5,168,355	1,543,348	3,923,280	10,634,983	32,154,500	10,783,223	670,586	(94,807)	43,513,502	54,148,485	(13,395,942)	

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table IV

Statistical Section - Financial Trends

Business-type Activities Revenues and Change in Net Position

Last ten fiscal years

Business-type activities:													
	Program Revenues								General Revenues				
	Charges for Services								Intergovernmental, Transfers, Gains (losses) and Miscellaneous			Total Program and General Revenue	Total Net Revenue/ Change in Net Position
Fiscal Year	Water	Waste Water	Golf	Airport	Solid Waste	Parking Garage (1)	Operating/ Capital Grants and Contributions	Total	Interest	Miscellaneous	Total	Total Program and General Revenue	Total Net Revenue/ Change in Net Position
2006	\$ 9,472,952	\$ 4,139,815	\$ 2,570,842	\$ 4,472,618	\$ 9,519,355	\$ 64,632	\$ 11,398,193	\$ 41,638,407	\$ 676,194	\$ 7,185,207	\$ 7,861,401	\$ 49,499,808	\$ 18,814,619
2007	9,439,229	4,406,795	3,382,094	4,127,668	9,699,398	58,527	11,426,649	42,540,360	1,691,475	719,085	2,410,560	44,950,920	11,424,833
2008	12,371,505	4,485,370	3,257,411	3,350,194	9,207,131	58,072	11,443,754	44,173,437	1,846,596	(489,132)	1,357,464	45,530,901	10,717,419
2009	11,833,103	5,836,923	2,981,108	1,312,884	8,930,779	48,063	3,995,467	34,938,327	1,296,043	666,575	1,962,618	36,900,945	5,621,751
2010	11,206,436	6,555,018	2,666,753	1,270,370	8,402,515	52,731	7,832,852	37,986,675	992,399	354,211	1,346,610	39,333,285	5,718,189
2011	12,525,849	7,625,038	2,580,592	1,372,979	7,887,491	39,331	2,280,069	34,311,349	559,838	3,051,716	3,611,554	37,922,903	4,641,622
2012	13,658,884	8,899,845	2,604,899	1,305,057	8,034,858	42,973	4,285,113	38,831,629	551,910	355,320	907,230	39,738,859	7,765,600
2013	14,630,537	9,634,789	2,622,774	1,341,487	6,249,960	-	13,753,449	48,232,996	50,812	(4,974,332)	(4,923,520)	43,309,476	10,617,686
2014	14,248,524	10,608,168	2,723,743	1,369,868	6,361,379	-	3,882,122	39,193,804	639,606	964,303	1,603,909	40,797,713	7,551,145
2015	15,024,817	11,160,984	2,959,473	1,447,951	6,464,166	-	2,216,925	39,274,316	449,479	279,892	729,371	40,003,687	3,988,181

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

(1) The Parking Garage was merged into the general fund in FY 2013.

CITY OF PRESCOTT, ARIZONA

Table V

Statistical Section - Financial Trends

Total Primary Government Activities Revenues and Change in Net Position

Last ten fiscal years

Fiscal Year	Primary government activities:										
	Program Revenues				General Revenues					Total Program and General Revenue	Total Net Revenue/ Change in Net Position
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total	Taxes	Intergovernmental	Interest	Transfers, Gains(loss) & Miscellaneous	Total		
2006	\$ 36,547,882	\$ 4,536,312	\$ 24,907,728	\$ 65,991,922	\$ 34,381,643	\$ 10,124,341	\$ 2,466,394	\$ 1,657,600	\$ 48,629,978	\$ 114,621,900	\$ 36,007,545
2007	36,385,869	5,110,022	21,430,538	62,926,429	35,899,962	11,614,540	5,419,930	1,511,187	54,445,619	117,372,048	33,173,144
2008	37,520,863	5,320,140	23,880,956	66,721,959	34,500,503	12,528,123	4,862,591	8,953,419	60,844,636	127,566,595	40,821,586
2009	35,156,817	4,680,179	6,004,536	45,841,532	30,225,241	12,205,058	3,366,274	1,381,246	47,177,819	93,019,351	9,112,107
2010	34,940,768	5,614,695	9,621,695	50,177,158	28,851,987	10,564,433	2,351,652	555,311	42,323,383	92,500,541	5,495,467
2011	36,816,726	3,007,288	6,709,677	46,533,691	27,958,171	9,441,614	1,725,400	1,011,487	40,136,672	86,670,363	(264,922)
2012	39,252,534	2,511,253	7,352,759	49,116,546	29,725,779	8,709,498	1,357,633	842,490	40,635,400	89,751,946	3,773,732
2013	39,262,310	2,025,251	16,848,539	58,136,100	31,602,132	9,535,838	446,630	1,098,203	42,682,803	100,818,903	18,768,835
2014	40,389,561	1,881,404	7,443,758	49,714,723	31,657,268	10,039,455	1,541,777	992,565	44,231,065	93,945,788	5,459,959
2015	42,225,746	1,559,168	6,140,205	49,925,119	32,154,500	10,783,223	1,120,065	185,085	44,242,873	94,167,992	(9,407,761)

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table VI

Statistical Section - Financial Trends

Governmental Activities Program Revenues by Function/Program

Last ten fiscal years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
General government	\$1,724,058	\$397,959	\$507,384	\$619,226	\$528,659	\$552,880	\$485,293	\$399,395	\$494,015	\$908,974
Community services	885,113	2,230,826	1,054,549	650,134	470,216	830,706	659,123	837,679	900,936	993,712
Culture and recreation	2,653,076	1,865,462	1,062,952	677,148	1,360,533	1,456,329	1,244,045	1,275,717	1,725,068	1,756,748
Police and court	2,075,968	2,172,971	2,102,735	2,284,453	2,226,109	2,373,641	2,857,869	2,390,471	2,459,900	2,410,241
Fire	767,928	894,621	914,572	641,707	1,160,531	1,081,826	1,135,300	791,532	1,129,209	714,296
Public works	16,247,372	12,824,230	16,906,330	6,030,537	6,249,380	5,565,818	3,594,314	3,917,715	3,535,966	3,583,642
Total governmental activities program revenues	<u>\$24,353,515</u>	<u>\$20,386,069</u>	<u>\$22,548,522</u>	<u>\$10,903,205</u>	<u>\$11,995,428</u>	<u>\$11,861,200</u>	<u>\$9,975,944</u>	<u>\$9,612,509</u>	<u>\$10,245,094</u>	<u>\$10,367,613</u>

Source: City of Prescott finance department

These amounts are presented on the accrual basis of accounting.

CITY OF PRESCOTT, ARIZONA

Table VII

Statistical Section - Financial Trends

Changes in Fund Balances, Governmental Funds

Last ten fiscal years (in millions of dollars)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Excess of revenues over expenditures	\$ 5.6	\$ 5.6	\$ 2.4	\$ 0.9	\$ (2.5)	\$ (2.4)	\$ 0.6	\$ 3.5	\$ 5.7	\$ 2.4
Other Financing Sources (Uses)										
Debt proceeds	0.7	-	-	0.3	-	-	-	-	-	-
Transfers in	-	-	-	-	1.2	0.1	-	-	-	0.1
Transfers out	(4.4)	(6.5)	(2.0)	(1.5)	(0.3)	(0.1)	(0.2)	(0.5)	(0.5)	(0.3)
Total other financing sources (uses)	(3.7)	(6.5)	(2.0)	(1.2)	0.9	-	(0.2)	(0.5)	(0.5)	(0.2)
Net change in fund balance	1.9	(0.9)	0.4	(0.3)	(1.6)	(2.4)	0.4	3.0	5.2	2.2
Beginning fund balance (1)	10.0	12.7	11.7	12.1	21.2	19.6	17.2	17.6	20.6	25.8
Prior period adjustment	0.8	-	-	-	-	-	-	-	-	-
Beginning fund balance - as restated	10.8	12.7	11.7	12.1	21.2	19.6	17.2	17.6	20.6	25.8
Ending fund balance	<u>12.7</u>	<u>11.8</u>	<u>12.1</u>	<u>11.8</u>	<u>19.6</u>	<u>17.2</u>	<u>17.6</u>	<u>20.6</u>	<u>25.8</u>	<u>28.0</u>
Committed	-	-	-	0.2	8.4	1.7	1.1	0.4	1.9	2.3
Assigned	-	-	-	-	0.3	-	-	-	-	-
Unassigned	10.6	10.4	10.3	7.5	10.8	11.5	10.3	13.5	17.6	20.6
Nonspendable	2.1	1.4	1.8	4.0	-	4.0	6.2	6.7	6.3	5.1
Total general fund balance	<u>\$ 12.7</u>	<u>\$ 11.8</u>	<u>\$ 12.1</u>	<u>\$ 11.8</u>	<u>\$ 19.5</u>	<u>\$ 17.2</u>	<u>\$ 17.6</u>	<u>\$ 20.6</u>	<u>\$ 25.8</u>	<u>\$ 28.0</u>
All Other Governmental Funds										
Excess (deficiency) of revenues over expenditures	\$ 0.4	\$ (7.5)	\$ (12.8)	\$ (9.4)	\$ (4.9)	\$ (2.2)	\$ (4.3)	\$ (1.8)	\$ 4.4	\$ (0.3)
Other Financing Sources (Uses)										
Bond issuances	-	1.5	-	-	18.3	8.4	-	-	-	-
Transfers in	6.8	8.4	3.4	3.0	1.1	1.5	0.4	0.5	0.2	0.2
Transfers out	(2.5)	(1.9)	(1.5)	(1.7)	(1.6)	(1.3)	(0.3)	(0.1)	(0.1)	(0.2)
Total other financing sources (uses)	4.3	8.0	1.9	1.3	17.8	8.6	0.1	0.4	0.1	-
Net change in fund balance	4.7	0.5	(10.9)	(8.1)	12.9	6.4	(4.2)	(1.4)	4.5	(0.3)
Beginning fund balance	31.3	36.0	36.5	25.6	8.2	21.3	27.7	23.5	22.1	26.6
Ending fund balance	<u>\$ 36.0</u>	<u>\$ 36.5</u>	<u>\$ 25.6</u>	<u>\$ 17.5</u>	<u>\$ 21.1</u>	<u>\$ 27.7</u>	<u>\$ 23.5</u>	<u>\$ 22.1</u>	<u>\$ 26.6</u>	<u>\$ 26.3</u>
Restricted	<u>\$ 36.0</u>	<u>\$ 36.5</u>	<u>\$ 25.6</u>	<u>\$ 17.5</u>	<u>\$ 21.1</u>	<u>\$ 27.7</u>	<u>\$ 23.5</u>	<u>\$ 22.1</u>	<u>\$ 26.6</u>	<u>\$ 26.3</u>
Total all other governmental funds fund balance	<u>\$ 36.0</u>	<u>\$ 36.5</u>	<u>\$ 25.6</u>	<u>\$ 17.5</u>	<u>\$ 21.1</u>	<u>\$ 27.7</u>	<u>\$ 23.5</u>	<u>\$ 22.1</u>	<u>\$ 26.6</u>	<u>\$ 26.3</u>
Total general and other governmental funds - fund balance	<u>\$ 48.7</u>	<u>\$ 48.3</u>	<u>\$ 37.7</u>	<u>\$ 29.3</u>	<u>\$ 40.6</u>	<u>\$ 44.9</u>	<u>\$ 41.1</u>	<u>\$ 42.7</u>	<u>\$ 52.4</u>	<u>\$ 54.3</u>

Source: City of Prescott finance department

(1) The Capital Improvement Fund was merged into the General Fund in FY 2010.

CITY OF PRESCOTT, ARIZONA

Table VIII

Statistical Section - Financial Trends

Changes in Fund Balances of Governmental Funds

Last ten fiscal years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 34,401,134	\$ 35,899,318	\$ 34,475,231	\$ 30,205,330	\$ 28,859,997	\$ 27,982,207	\$ 29,741,852	\$ 31,515,279	\$ 31,566,176	\$ 32,362,718
Intergovernmental revenues	15,381,132	17,738,746	18,442,502	17,021,795	19,891,545	16,935,187	15,454,325	16,257,955	16,691,342	15,820,961
Licenses and permits	3,892,462	1,537,880	1,142,050	810,813	1,090,967	916,094	865,204	993,421	1,169,381	606,539
Fines and forfeitures	1,480,324	1,534,587	1,719,170	1,967,588	646,737	620,248	624,584	628,414	584,260	424,800
Gifts and donations	102,716	51,284	59,882	170,124	65,517	141,516	297,616	85,338	114,493	93,193
Charges for services	1,334,862	2,199,691	1,929,959	1,435,556	886,019	1,006,051	1,081,582	1,348,175	1,259,743	3,479,290
Interest and investment income	1,690,663	3,431,739	2,644,168	1,723,524	1,359,253	992,908	805,723	395,818	902,171	670,588
Miscellaneous and Grant Contributions	2,138,267	1,283,031	1,634,095	1,155,665	1,532,879	2,615,094	2,160,105	2,664,179	3,913,127	875,077
Total revenues	60,421,560	63,676,276	62,047,057	54,490,395	54,332,914	51,209,305	51,030,991	53,888,579	56,200,693	54,333,166
Expenditures										
General government	5,911,150	5,677,646	6,193,642	5,351,470	5,599,470	3,729,333	3,092,112	2,629,031	2,301,399	2,758,328
Community services	2,190,852	2,641,295	2,926,188	2,685,629	1,532,576	1,541,414	1,528,052	1,594,073	1,320,695	1,319,296
Culture and recreation	5,607,706	6,038,931	6,257,768	6,065,515	5,399,324	4,960,428	5,061,475	5,322,883	5,006,351	5,242,979
Police and court	10,336,021	11,672,399	12,533,337	12,578,003	12,627,274	12,155,729	12,787,448	12,844,109	13,219,486	13,881,084
Fire	6,413,599	7,091,353	7,931,941	7,874,563	7,891,239	7,344,850	7,331,239	7,670,051	8,448,735	9,211,365
Public works	3,650,496	3,986,169	3,606,011	3,371,896	4,275,139	8,873,762	9,621,114	4,936,991	8,971,190	11,492,463
Capital outlay	17,074,369	25,464,042	29,327,591	21,813,447	21,263,084	12,652,069	10,242,160	12,400,628	2,834,869	5,408,570
Debt service - principal	2,159,211	2,000,304	2,670,861	2,460,953	2,060,069	3,061,623	3,313,492	3,201,637	2,584,787	1,584,374
Debt service - interest	1,084,915	1,000,152	959,565	840,589	1,057,525	1,516,480	1,801,417	1,612,868	1,469,883	1,353,344
Total expenditures	54,428,319	65,572,291	72,406,904	63,042,065	61,705,700	55,835,688	54,778,509	52,212,271	46,157,395	52,251,803
Excess of Revenues over (under) Expenditures	5,993,241	(1,896,015)	(10,359,847)	(8,551,670)	(7,372,786)	(4,626,383)	(3,747,518)	1,676,308	10,043,298	2,081,363
Other Financing Sources (Uses)										
Bond issuances		1,524,974	-	-	18,250,000	8,415,000	-	-	-	-
Capital leases	734,000	-	-	250,000	-	-	-	-	-	-
Transfers in	6,830,592	8,362,823	3,362,326	3,044,736	2,324,239	1,591,004	462,677	549,552	255,770	314,624
Transfers out	(6,935,525)	(8,431,257)	(3,558,529)	(3,112,547)	(1,935,913)	(1,383,133)	(475,617)	(621,512)	(620,887)	(462,754)
Total other financing sources (uses)	629,067	1,456,540	(196,203)	182,189	18,638,326	8,622,871	(12,940)	(71,960)	(365,117)	(148,130)
Net change in fund balances	\$ 6,622,308	\$ (439,475)	\$ (10,556,050)	\$ (8,369,481)	\$ 11,265,540	\$ 3,996,488	\$ (3,760,458)	\$ 1,604,348	\$ 9,678,181	\$ 1,933,233
Debt service as a percentage of noncapital expenditures	8.7%	7.5%	8.4%	8.0%	7.2%	10.4%	11.5%	12.1%	9.4%	6.3%

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table IX

Statistical Section - Financial Trends

General Government Expenditures by Function

Last ten fiscal years

Fiscal Year	General Government	Community Services	Culture & Recreation	Public Safety			Subtotal Current Expenditures	Capital Outlay	Debt Service		Total
				Police & Courts	Fire	Public Works			Principal	Interest	
2006	\$ 5,911,150	\$ 2,190,852	\$ 5,607,706	\$ 10,336,021	\$ 6,413,599	\$ 3,650,496	\$ 34,109,824	\$ 17,074,369	\$ 2,159,211	\$ 1,084,915	\$ 54,428,319
2007	5,677,646	2,641,295	6,038,931	11,672,399	7,091,353	3,986,169	37,107,793	25,464,042	2,000,304	1,000,152	65,572,291
2008	6,193,642	2,926,188	6,257,768	12,533,337	7,931,941	3,606,011	39,448,887	29,327,591	2,670,861	959,565	72,406,904
2009	5,351,470	2,685,629	6,065,515	12,578,003	7,874,563	3,371,896	37,927,076	21,813,447	2,460,953	840,589	63,042,065
2010	5,599,470	1,532,576	5,399,324	12,627,274	7,891,239	4,275,139	37,325,022	21,263,084	2,060,069	1,057,525	61,705,700
2011	3,729,333	1,541,414	4,960,428	12,155,729	7,344,850	8,873,762	38,605,516	12,652,069	3,061,623	1,516,480	55,835,688
2012	3,092,112	1,528,052	5,061,475	12,787,448	7,331,239	9,621,114	39,421,440	10,242,160	3,313,492	1,801,417	54,778,509
2013	2,629,031	1,594,073	5,322,883	12,844,109	7,670,051	4,936,991	34,997,138	12,400,628	3,201,637	1,612,868	52,212,271
2014	2,301,399	1,320,695	5,006,351	13,219,486	8,448,735	8,971,190	39,267,856	2,834,869	2,584,787	1,469,883	46,157,395
2015	2,758,328	1,319,296	5,242,979	13,881,084	9,211,365	11,492,463	43,905,515	5,408,570	1,584,374	1,353,344	52,251,803

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table X

Statistical Section - Financial Trends

General Government Revenues by Sources

Last ten fiscal years

Fiscal Year	Taxes	Inter-Governmental Revenues	Licenses & Permits	Fines & Forfeitures	Gifts & Donations	Charges for Services	Interest Income	Miscellaneous	Total
2006	\$ 34,401,134	\$ 15,381,132	\$ 3,892,462	\$ 1,480,324	\$ 102,716	\$ 1,334,862	\$ 1,690,663	\$ 2,138,267	\$ 60,421,560
2007	35,899,318	17,738,746	1,537,880	1,534,587	51,284	2,199,691	3,431,739	1,283,031	63,676,276
2008	34,475,231	18,442,502	1,142,050	1,719,170	59,882	1,929,959	2,644,168	1,634,095	62,047,057
2009	30,205,330	17,021,795	810,813	1,967,588	170,124	1,435,556	1,723,524	1,155,665	54,490,395
2010	28,859,997	19,891,545	1,090,967	646,737	65,517	886,019	1,359,253	1,532,879	54,332,914
2011	27,982,207	16,935,187	916,094	620,248	141,516	1,006,051	992,908	2,615,094	51,209,305
2012	29,741,852	15,454,325	865,204	624,584	297,616	1,081,582	805,723	2,160,105	51,030,991
2013	31,515,279	16,257,955	993,421	628,414	85,338	1,348,175	395,818	2,664,179	53,888,579
2014	31,566,176	16,691,342	1,169,381	584,260	114,493	1,259,743	902,171	3,913,127	56,200,693
2015	32,362,718	15,820,961	606,539	424,800	93,193	3,479,290	670,588	875,077	54,333,166

Source: City of Prescott finance department

CITY OF PRESCOTT, ARIZONA

Table XI

Statistical Section - Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property

Last ten fiscal years

Fiscal Year		Real Estate	Improvements	Personal Property	Gross Valuations	Less Exemptions	Net Assessed Valuation	Percent of Increase	Estimated Actual Value	Total Direct Tax Rate
2006	P	\$ -	\$ 454,345,973	\$ 37,455,760	\$ 491,801,733	\$ 24,805,656	\$ 466,996,077	11.2%	\$ 3,744,454,238	7.0503
	S	181,287,420	304,464,222	37,455,737	523,207,379	25,981,170	497,226,209	11.0%	3,974,902,455	1.2748
2007	P	-	506,912,059	36,305,122	543,217,181	25,815,170	517,402,011	10.8%	4,201,772,704	6.4839
	S	187,957,316	354,231,282	36,305,122	578,493,720	26,650,444	551,843,276	11.0%	4,476,798,800	1.1965
2008	P	-	571,868,029	39,738,218	611,606,247	28,490,607	583,115,640	12.7%	4,797,789,129	6.0288
	S	219,399,458	413,148,579	39,737,442	672,285,479	29,819,385	642,466,094	16.4%	5,300,660,392	1.0640
2009	P	-	654,867,092	39,672,670	694,539,762	33,730,647	660,809,115	13.3%	5,540,509,813	5.4988
	S	307,050,409	505,741,499	39,672,670	852,464,578	42,469,747	809,994,831	26.1%	6,859,468,102	0.7770
2010	P	-	726,770,248	38,896,067	765,666,315	36,429,750	729,236,565	10.4%	6,181,460,471	5.6295
	S	330,556,261	495,997,159	38,686,651	865,240,071	43,072,587	822,167,484	1.5%	6,962,286,690	0.9344
2011	P	-	720,781,610	37,696,936	758,478,546	37,708,006	720,770,540	-1.2%	6,127,994,926	5.4297
	S	305,431,469	450,225,263	38,064,355	793,721,087	41,955,157	751,765,930	-8.6%	6,339,804,602	1.0590
2012	P	-	641,108,704	37,441,146	678,549,850	43,626,565	634,923,285	-11.9%	5,298,881,730	6.1085
	S	240,175,287	413,608,409	37,723,260	691,506,956	46,652,793	644,854,163	-14.2%	5,368,864,589	1.2506
2013	P	-	560,062,336	39,906,786	599,969,122	45,946,787	554,022,335	-12.7%	4,672,616,903	7.1144
	S	149,560,629	418,684,131	38,977,953	607,222,713	51,935,941	555,286,772	-13.9%	4,925,516,945	1.4466
2014	P	-	518,019,290	37,064,260	555,083,550	46,214,465	508,869,085	-8.2%	4,542,708,029	7.9406
	S	146,629,611	376,445,995	37,178,071	560,253,677	50,018,760	510,234,917	-8.1%	4,572,668,652	1.1421
2015	P	-	533,952,444	39,863,378	573,815,822	48,350,767	525,465,055	3.3%	4,720,147,444	7.7488
	S	147,606,184	393,946,713	39,870,455	581,423,352	51,452,091	529,971,261	3.9%	4,774,300,198	1.1036

Source: Yavapai County assessor

Under Arizona law, there are two primary valuation bases: Primary (P) and Secondary (S). The primary (limited) assessed valuation is used when levying for maintenance and operation of cities, counties, school districts, community college districts, and the state. The secondary (full cash) assessed valuation is used when levying for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts.

Real estate and improvements are combined in the primary valuation.

CITY OF PRESCOTT, ARIZONA

Table XII

Statistical Section - Revenue Capacity

Property Tax Rates and Tax Levies - All Direct and Overlapping Governments

Last ten fiscal years

Fiscal Year		City of Prescott	High School & Elementary	Community College	Yavapai County	State of Arizona	Total
Tax Rates (per \$1,000 Assessed Valuation)							
2006	P	0.2245	3.1992	1.4900	2.1366	-	7.0503
	S	0.3413	0.2687	0.2614	0.4034	-	1.2748
2007	P	0.2182	3.1797	1.4308	1.6552	-	6.4839
	S	0.3093	0.2709	0.2265	0.3898	-	1.1965
2008	P	0.1991	2.9608	1.3397	1.5292	-	6.0288
	S	0.2982	0.2262	0.1828	0.3568	-	1.0640
2009	P	0.1839	2.7477	1.1989	1.3683	-	5.4988
	S	0.2396	0.0504	0.1405	0.3465	-	0.7770
2010	P	0.1695	2.7202	1.1250	1.6148	-	5.6295
	S	0.2002	0.2496	0.1367	0.3479	-	0.9344
2011	P	0.1737	2.3426	1.2046	1.7088	-	5.4297
	S	0.2093	0.2939	0.1563	0.3995	-	1.0590
2012	P	0.1978	2.6269	1.4274	1.8564	-	6.1085
	S	0.2455	0.3283	0.1901	0.4867	-	1.2506
2013	P	0.1978	3.1298	1.6725	2.1143	-	7.1144
	S	0.2854	0.3839	0.2150	0.5623	-	1.4466
2014	P	0.2984	3.3750	1.8241	2.4431	-	7.9406
	S	0.0367	0.4174	0.2227	0.4653	-	1.1421
2015	P	0.3007	3.1206	1.8606	2.4669	-	7.7488
	S	0.0142	0.4027	0.2231	0.4636	-	1.1036
Tax Levies							
2006	P	\$ 1,048,406	\$ 20,179,874	\$ 27,980,856	\$ 40,122,659	\$ -	\$ 89,331,795
	S	1,697,025	1,820,494	5,282,090	7,723,835	-	16,523,444
2007	P	1,128,971	22,288,632	30,414,662	35,184,002	-	89,016,267
	S	1,706,825	2,042,582	5,214,983	8,504,423	-	17,468,813
2008	P	1,160,983	23,746,861	33,094,152	37,775,306	-	95,777,302
	S	1,915,789	2,049,261	5,214,651	9,738,414	-	18,918,115
2009	P	1,214,192	25,284,657	35,424,260	40,429,914	-	102,353,023
	S	1,939,408	588,540	5,264,245	12,399,561	-	20,191,754
2010	P	1,235,701	28,074,489	36,833,381	52,869,817	-	119,013,388
	S	1,646,680	2,990,278	5,228,333	12,313,942	-	22,179,233
2011	P	1,251,978	24,171,890	38,397,561	54,469,023	-	118,290,452
	S	1,573,160	3,176,332	5,235,677	12,745,719	-	22,730,888
2012	P	1,255,878	23,434,254	38,714,700	50,348,871	-	113,753,703
	S	1,583,350	2,966,960	5,234,100	12,658,691	-	22,443,101
2013	P	1,095,856	24,008,259	40,231,600	50,858,931	-	116,194,646
	S	1,584,975	2,950,404	5,192,500	12,518,091	-	22,245,970
2014	P	1,518,465	23,769,172	40,725,900	54,546,321	-	120,559,858
	S	187,200	2,948,387	5,077,500	6,405,677	-	14,618,764
2015	P	1,570,938	22,588,207	41,253,800	54,698,964	-	120,111,909
	S	75,000	2,943,517	5,059,400	9,805,220	-	17,883,137
The portion of the 2014-15 levies paid by City of Prescott property owners is reflected below:							
Amount	P	\$ 1,570,938	\$ 17,428,535	\$ 9,534,370	\$ 12,052,911	\$ -	\$ 40,586,754
	S	75,000	2,139,401	1,203,356	2,901,054	-	6,318,811
Percent	P	100%	72.6%	23.7%	23.7%	-	34.9%
	S	100%	72.5%	23.2%	23.2%	-	28.4%

Source: Yavapai County Board of Supervisors

CITY OF PRESCOTT, ARIZONA

Table XIII

Statistical Section - Revenue Capacity

Principal Property Taxpayers

Current fiscal year and ten years ago

Taxpayer	Type of Business	2014/2015		2005/2006		2014/2015		2005/2006	
		Assessed Valuation	Rank	As a % of City's Total Secondary Assessed Valuation	Rank	Assessed Valuation	Rank	As a % of City's Total Secondary Assessed Valuation	
Arizona Public Service	Electric utility	\$ 13,163,727	1	2.5%	\$ 11,376,518	1	2.3%		
Sturm Ruger	Manufacturing	7,262,287	2	1.4%					
Unisource Energy Corporation	Gas utility	5,827,691	3	1.1%					
T Prescott AZ LLC	Shopping Center	3,662,230	4	0.7%					
Cable One	Cable Utility	2,718,988	5	0.5%					
Qwest Corporation / US West	Telecommunications	1,909,533	6	0.4%	5,615,582	3	1.1%		
LFRV LLC (Las Fuentes)	Commercial rental	1,881,661	7	0.4%	2,073,427	6	0.4%		
Wal-Mart	Shopping Center	1,824,995	8	0.3%	2,471,758	5	0.5%		
Lowes	Retail	1,640,188	9	0.3%					
SRZ Yuma LLC	Gas utility	1,638,199	10	0.3%					
TWC II Prescott Mall LLC	Shopping Center			0.0%	9,982,086	2	2.0%		
Tucson Electric Power Company	Gas utility			0.0%	3,818,503	4	0.8%		
Costco	Shopping Center			0.0%	1,962,888	7	0.4%		
Willow Creek Corner LLC	Shopping Center			0.0%	1,877,530	8	0.4%		
Wal-Mart Stores Inc. 5303	Shopping Center			0.0%	1,778,927	10	0.4%		
1000 Morse LTD UI (Willow Creek Plz) Shopping Center	Shopping Center			0.0%	1,850,870	9	0.4%		
Total		\$ 41,529,499		7.9%	\$ 42,808,089		8.7%		

Source: Yavapai County assessor's office

CITY OF PRESCOTT, ARIZONA

Table XIV

Statistical Section - Revenue Capacity

Property Tax Levies and Collections

Last ten fiscal years

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes As Percent of Current Levy</u>
2006	\$ 2,730,617	\$ 2,681,168	98.2%	\$ 49,449	\$ 2,730,617	100.0%	\$ -	0.0%
2007	2,829,552	2,779,196	98.2%	50,356	2,829,552	100.0%	-	0.0%
2008	3,060,145	2,984,844	97.5%	75,301	3,060,145	100.0%	-	0.0%
2009	3,142,012	3,053,820	97.2%	88,192	3,142,012	100.0%	-	0.0%
2010	2,873,003	2,783,920	96.9%	81,912	2,865,832	99.8%	7,171	0.2%
2011	2,814,320	2,731,911	97.1%	81,849	2,813,760	100.0%	560	0.0%
2012	2,839,228	2,768,468	97.5%	69,282	2,837,750	99.9%	1,478	0.1%
2013	2,680,831	2,593,963	96.8%	84,964	2,678,927	99.9%	1,904	0.1%
2014	1,705,665	1,652,907	96.9%	50,784	1,703,691	99.9%	1,974	0.1%
2015	1,645,938	1,597,136	97.0%	-	1,597,136	97.0%	48,802	3.0%

Source: Yavapai County treasurer's office

Penalties are not recorded in the above collection figures.

The City tax rate is set before the final assessed valuation is known. Levies shown here are the product of the tax rate times the actual valuation; consequently, they may differ slightly from the estimated levies shown in the budget for each of these years.

CITY OF PRESCOTT, ARIZONA

Table XV

Statistical Section - Revenue Capacity

Property Tax Information

Tax Rate Limitation

The state constitution and state law specify a property tax limitation system. The system consists of two levies, a limited levy known as the primary tax levy and an unlimited levy referred to as the secondary property tax levy. The primary levy is limited to an increase of 2% over the previous year's maximum allowable primary levy plus an increased dollar amount for property not taxed the previous year including new construction and annexed properties. The primary tax from all taxing jurisdictions for homeowners may not exceed 1% of the home's market value. The secondary property tax allows a city to levy property tax for the purpose of retiring the principal and interest on bonded indebtedness. Further, the actual full cash value of property is used to determine this tax rate.

Assessments

Since 1950-51, Yavapai County has assessed and collected all city property taxes at no charge to the City. Prior to that time, City taxes were separately billed by the City tax collector. Remittances are made periodically as collections accrue.

Taxes Due

First installment due September 1; second installment due March 1.

Payable

City property taxes are payable at the office of the Yavapai County Treasurer. The first installment can be paid on the first day of September through the first day of November. The second installment can be paid on the first day of March through the first day of May. The first installment becomes delinquent on the first day of November at 5:00 p.m. The second installment becomes delinquent on the first day of May at 5:00 p.m. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates.

Tax Sales

The sales of delinquent real estate taxes begin on a date not earlier than February 1 nor later than March 1 following the May 1 date upon which the second installment becomes delinquent. The sales are made at public auctions in the office of the County Treasurer. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest provided by law is 10% per annum. The purchaser of this tax sale is given a Certificate of Purchase for each parcel of real estate concerned.

Tax Deed

Five years subsequent to the annual tax sale, a holder of a Certificate of Purchase which has not been redeemed may demand of the Yavapai County Treasurer a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate of Purchase may institute a quiet title action and the court will instruct the County Treasurer to issue a County Treasurer's Deed if the suit is successful.

Redemption

Redemption may be made by the delinquent property owner or any interested party by payment in full of all accumulated charges at any time before the issuance of the tax deed. Payment may be made to the Yavapai County Treasurer.

CITY OF PRESCOTT, ARIZONA

Table XVI

Statistical Section - Revenue Capacity

Tax Revenues by Source

Last ten fiscal years

<u>Fiscal Year</u>	<u>Total Tax Per Capita</u>	<u>Total Taxes</u>	<u>General Property Taxes</u>	<u>General Privilege and Use Taxes</u>	<u>Additional 1% Privilege Tax (1)</u>	<u>Franchise Taxes</u>	<u>Transient Lodging Tax (2)</u>
2006	\$ 885	\$ 34,381,643	\$ 2,734,470	\$ 15,129,080	\$ 14,731,785	\$ 1,369,307	\$ 417,001
2007	904	35,899,962	2,830,199	15,810,057	15,333,864	1,488,072	437,770
2008	855	34,500,503	3,065,851	14,975,742	14,365,539	1,563,883	529,488
2009	755	30,225,241	3,147,163	12,794,026	12,157,858	1,567,388	558,806
2010	723	28,851,987	2,855,143	12,177,884	11,711,274	1,644,977	462,709
2011	703	27,958,171	2,810,321	11,763,668	11,237,566	1,637,128	509,488
2012	746	29,741,853	2,837,428	12,593,700	12,131,870	1,624,459	554,396
2013	791	31,515,278	2,670,576	13,623,329	13,082,899	1,618,259	520,215
2014	800	31,926,176	1,716,973	14,407,796	13,558,806	1,621,289	621,312
2015	799	32,362,719	1,642,663	14,440,215	13,922,730	1,632,304	724,807

Source: City of Prescott finance department

(1) Voters approved an additional 1% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2015, voters approved a 1.0% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.

(2) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City.

CITY OF PRESCOTT, ARIZONA

Table XVII

Statistical Section - Revenue Capacity

Privilege Tax - Taxable Sales by Category

Last ten fiscal years (in thousands of dollars)

Fiscal year	<i>Advertising</i>	<i>Construction</i>	<i>Restaurant/Bar</i>	<i>Tangible Per. Prop Rental</i>	<i>Commercial Rental</i>	<i>Hotel/Motel</i>	<i>Residential Rental</i>	<i>Retail Sales</i>	<i>Utilities</i>	<i>Use Tax</i>	<i>Telecommunication</i>	<i>All Other</i>	<i>Total</i>	<i>Tax Rate</i>	<i>Top 10 as % of Total</i>
2006	\$ 22,359	\$ 224,132	\$ 85,369	\$ 35,841	\$ 52,739	\$ 20,883	\$ 43,331	\$ 884,079	\$ 55,709	\$ 24,727	\$ 23,850	\$ 10,491	\$ 1,483,509	2%	28%
2007	24,174	232,580	87,175	52,698	60,276	22,775	44,425	902,862	65,436	26,452	27,146	11,062	1,557,061	2%	27%
2008	22,164	194,250	85,531	41,970	63,746	26,256	46,664	858,798	72,091	33,010	27,158	9,545	1,481,181	2%	33%
2009	14,894	123,930	82,290	29,174	65,905	18,922	59,513	755,815	72,460	18,500	20,270	9,299	1,270,972	2%	35%
2010	11,934	84,957	82,302	26,949	60,565	16,540	51,181	699,443	68,393	23,527	23,467	7,485	1,156,743	2%	37%
2011	11,712	85,033	83,810	24,427	60,073	17,398	52,753	689,692	72,393	29,122	23,692	6,886	1,156,991	2%	38%
2012	14,293	96,741	90,623	21,326	60,932	18,917	55,111	739,549	74,535	29,009	23,272	6,538	1,230,846	2%	36%
2013	13,753	104,552	91,967	19,932	61,980	19,625	59,973	800,824	76,384	25,792	23,106	6,554	1,304,442	2%	36%
2014	13,374	119,285	95,809	21,608	53,453	21,608	63,998	833,256	74,829	31,170	21,785	7,479	1,357,654	2%	34%
2015	13,913	115,849	102,891	25,127	53,702	24,729	68,352	853,946	76,907	25,519	21,123	9,498	1,391,557	2%	31%

Top 10 Taxpayers

FY 2015		FY 2006	
Arizona Public Service		Arizona Public Service	
Costco		Best Buy Stores	
Fry's Food & Drug		Costco Wholesale	
Prescott Motors, Inc		Fry's Food & Drug	
Lamb Auto Sales		Lamb Chevrolet	
Lowe's		Tim's Buick Pontiac, GMC	
Safeway		UNS Gas, Inc.	
Tim's Auto Group		Wal-Mart Supercenter (Gail Gardner)	
Wal-Mart		Wal-Mart Supercenter (Hwy 69)	
York Dodge Chrysler Jeep Ram		York Car Company	
Percent of Total Privilege Tax Collected:	31%	Percent of Total Privilege Tax Collected:	28%

Source: City of Prescott Finance Department

CITY OF PRESCOTT, ARIZONA
Table XVIII
Statistical Section - Revenue Capacity
Privilege Tax Overlapping Rates

Last ten fiscal years

<u>Fiscal Year</u>	<u>Prescott Privilege Tax General</u>	<u>Prescott Privilege Tax - Roads & Open Space (1)</u>	<u>Yavapai County Privilege Tax (3)</u>	<u>State of Arizona Privilege Tax (4)</u>	<u>Total Privilege Tax</u>	<u>Transient Lodging Tax (2)</u>
2006	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2007	1.00%	1.00%	0.75%	5.60%	8.35%	2.00%
2008	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2009	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2010	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%
2011	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%
2012	1.00%	1.00%	0.75%	6.60%	9.35%	3.00%
2013	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2014	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%
2015	1.00%	1.00%	0.75%	5.60%	8.35%	3.00%

Source: City of Prescott finance department

- (1) Voters approved an additional 1% privilege tax in 1995 for street improvements to sunset December 31, 2005. In May 2000, the voters expanded the use of funds to include open space acquisition while extending the sunset to December 31, 2015. In 2015, voters approved a 1.0% privilege tax for street improvements effective January 1, 2016 to sunset December 31, 2035.
- (2) Proceeds from this tax are used for the promotion of tourism and development of recreational facilities within the City. This rate was increased to 3% on January 1, 2008.
- (3) Yavapai County currently imposes a .50% excise tax and a .25% jail tax.
- (4) The State of Arizona tax rate increased to 6.60% effective June 1, 2010 and decreased to 5.60% effective June 1, 2013.

CITY OF PRESCOTT, ARIZONA

Table XIX

Statistical Section - Debt Capacity
 Ratios of Outstanding Debt by type

Last ten fiscal years

Fiscal Year	Governmental Activities					Business-type Activities					Total Debt Per Capita	Adjusted Debt Per Capita (1)	Total Debt to Personal Income	Adjusted Total Debt to Personal Income
	General Obligation Bonds	Community Facilities District Bonds (1)	Lease Purchase Contracts	Municipal Properties Corporation Bonds	Special Assessment Bonds	Municipal Properties Corporation Bonds	General Obligation Bonds	Loans Payable (2)	Lease Purchase Contracts	Total Primary Government				
2006	\$ 9,140,000	\$ 5,765,000	\$ 666,940	\$ -	\$ 3,066,241	\$ 20,050,000	\$ -	\$ -	\$ 4,144,260	\$ 42,832,441	\$ 1,103	\$ 875	0.78%	0.62%
2007	9,335,000	5,560,000	528,787	5,099,925	2,724,090	20,230,075	-	-	3,436,504	46,914,381	1,182	973	0.77%	0.64%
2008	7,825,000	4,865,000	385,076	4,949,814	2,401,941	18,780,186	-	8,249,461	2,253,982	49,710,460	1,231	1,051	0.75%	0.64%
2009	6,240,000	4,495,000	451,174	4,772,760	2,079,788	17,287,240	-	10,255,783	2,354,008	47,935,753	1,197	1,033	0.73%	0.63%
2010	4,950,000	4,260,000	248,256	22,838,008	1,747,637	15,936,992	-	17,947,447	1,748,615	69,676,955	1,745	1,594	1.11%	1.01%
2011	3,595,000	3,780,000	118,784	30,304,407	1,410,029	15,755,593	-	22,253,387	896,095	78,113,295	1,964	1,834	1.25%	1.17%
2012	2,170,000	3,315,000	67,336	29,062,259	1,079,984	12,336,741	-	24,652,814	535,115	73,219,249	1,836	1,726	1.13%	1.06%
2013	680,000	3,060,000	13,744	27,795,262	739,940	11,858,738	-	42,338,127	160,526	86,646,337	2,173	2,078	1.27%	1.22%
2014	520,000	2,435,000	-	26,493,718	39,896	10,259,282	-	65,742,074	-	105,489,970	2,645	2,583	1.51%	1.47%
2015	355,000	2,180,000	-	25,111,146	34,852	10,063,524	-	72,676,362	-	110,420,884	2,725	2,670	1.58%	1.55%

Source: City of Prescott finance department

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The total debt for the primary government is reduced by the amount of community facilities district bonds and special assessment bonds which are levied against specific property owners, and, therefore not an obligation of every citizen.

(2) In 2008 the City entered into contracts with the Water Infrastructure Finance Authority (WIFA) for the financing of several drinking and clean water projects.

CITY OF PRESCOTT, ARIZONA

Table XX

Statistical Section - Debt Capacity

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last ten fiscal years

<u>Fiscal Year</u>	<u>Net Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Less Debt Payable from Enterprise Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita (1)</u>
2006	\$ 497,226,209	\$ 9,140,000	\$ -	\$ 9,140,000	1.8%	235
2007	551,843,276	9,335,000	-	9,335,000	1.7%	235
2008	642,466,094	7,825,000	-	7,825,000	1.2%	194
2009	809,994,831	6,240,000	-	6,240,000	0.8%	156
2010	822,167,484	4,950,000	-	4,950,000	0.6%	124
2011	751,765,930	3,595,000	-	3,595,000	0.6%	90
2012	644,854,163	2,170,000	-	2,170,000	0.3%	54
2013	555,286,772	680,000	-	680,000	0.1%	17
2014	510,234,917	520,000	-	520,000	0.1%	13
2015	529,971,261	355,000	-	355,000	0.1%	9

Source: City of Prescott finance department

(1) Population information is shown on table XXX.

(2) Includes all general obligation bonded debt.

CITY OF PRESCOTT, ARIZONA

Table XXI

Statistical Section - Debt Capacity

Schedule of Water and Wastewater Revenue Bond Coverage

Last ten fiscal years

Water Revenue Bond (3)								
Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service			Coverage	
				Principal	Interest	Total		
2006	\$ 10,056,936	\$ 4,831,387	\$ 5,225,549	\$ -	\$ -	\$ -	0.00%	
2007	10,594,267	5,048,866	5,545,401	-	-	-	0.00%	
2008	13,911,896	5,137,731	8,774,165	-	100,733	100,733	0.00%	
2009	12,901,408	6,361,904	6,539,504	343,465	221,794	565,259	1156.90%	
2010	11,967,862	8,574,731	3,393,131	355,967	348,732	704,699	481.50%	
2011	12,958,298	8,941,952	4,016,346	610,711	383,125	993,836	404.13%	
2012	14,104,588	7,347,256	6,757,332	608,645	388,017	996,662	678.00%	
2013	14,720,538	8,332,704	6,387,834	640,916	389,315	1,030,230	620.04%	
2014	14,892,434	7,949,927	6,942,507	1,081,743	624,371	1,706,114	406.92%	
2015	15,340,901	7,998,715	7,342,186	1,115,977	666,128	1,782,106	412.00%	

Wastewater Revenue Bond (3)								
Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service			Coverage	
				Principal	Interest	Total		
2006	\$ 5,765,023	\$ 4,154,036	\$ 1,610,987	\$ -	\$ -	\$ -	0.00%	
2007	7,393,084	4,441,560	2,951,524	-	-	-	0.00%	
2008	7,679,110	5,426,081	2,253,029	-	95,614	95,614	0.00%	
2009	7,577,002	4,953,535	2,623,467	160,118	158,484	318,602	823.43%	
2010	6,878,860	4,829,673	2,049,187	166,311	298,286	464,597	441.07%	
2011	7,809,344	4,641,183	3,168,161	1,115,577	349,151	1,464,728	216.30%	
2012	9,099,534	4,912,764	4,186,770	543,538	384,842	928,379	450.98%	
2013	9,837,090	5,376,343	4,460,747	563,901	493,566	1,057,467	421.83%	
2014	10,998,146	6,023,264	4,974,882	2,393,930	1,004,371	3,398,301	146.39%	
2015	11,287,878	5,649,504	5,638,374	2,467,040	1,440,510	3,907,550	144.29%	

Source: City of Prescott finance department

(1) Total revenue including interest income.

(2) Total expenses exclusive of bond interest, capital costs and non-cash expenditures.

(3) The Water Infrastructure Finance Authority of Arizona Loans (WIFA) - details can be found

CITY OF PRESCOTT, ARIZONA

Table XXII

Statistical Section - Debt Capacity

Direct and Overlapping Debt

June 30, 2015

	Net Bonds Outstanding	Percentage Applicable to Prescott (1)	Amount Applicable to Prescott
<u>Direct Debt</u>			
General obligation bonds - payable from property taxes	\$ 355,000	100.0%	\$ 355,000
Municipal property corporation bonds - payable from sales tax	25,111,146	100.0%	25,111,146
Special assessment bonds - payable from assessed properties	2,214,852	100.0%	2,214,852
Lease purchase contracts - payable from general revenues	-	100.0%	-
Total direct debt			<u>27,680,998</u>
<u>Overlapping Debt</u>			
Yavapai County	-	23.4%	-
Yavapai Community College District	37,395,000	23.4%	8,740,569
Prescott Unified School District	4,445,000	72.5%	3,223,165
Total overlapping debt			<u>11,963,734</u>
Total direct & overlapping debt			<u>\$ 39,644,732</u>

(1) Debt allocation is based on distribution of assessed valuation within overlapping tax districts.

<u>Taxing District</u>	Total Assessed Valuation	Valuation in Prescott	Percent in Prescott
Yavapai County	\$ 2,267,389,484	\$ 529,971,261	23.4%
Yavapai Community College District	2,267,389,484	529,971,261	23.4%
Prescott Unified School District	730,872,454	529,971,261	72.5%

Source: Yavapai County assessor's office and finance department

CITY OF PRESCOTT, ARIZONA
Table XXIII
Statistical Section - Debt Capacity
Legal Debt Margins
June 30, 2015

	<u>General Obligation Bonds</u>	
	<u>All Others</u>	<u>Water & Wastewater</u>
	<u>6% (1)</u>	<u>20% (2)</u>
<u>Legal Debt Limitation</u>		
(2014-15 secondary assessed valuation \$529,971,261)	\$ 31,798,276	\$ 105,994,252
<u>Outstanding Debt</u>		
Municipal facilities	-	355,000
Total outstanding debt	-	355,000
Total margin available	\$ 31,798,276	\$ 105,639,252
Total debt applicable to the limit as a percentage of the debt limit	0.0%	0.3%

Source: City of Prescott finance department

(1) Arizona's Constitution states that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

Computation of Debt Margin Highway User Tax Bonds

Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

Highway user tax revenue FY 2014-15	\$ 3,102,388
Percent of margin	50%
Highway user margin	1,551,194
Bond principal due FY 2014-15	-
Bond interest due FY 2014-15	-
Margin available	\$ 1,551,194

Total debt service applicable to the margin as a percentage of the margin n/a

CITY OF PRESCOTT, ARIZONA

Table XXIV

Statistical Section - Debt Capacity

Legal Debt Margins

Last ten fiscal years (in thousands of dollars)

Legal Debt Limitation or Margin	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Obligation Bonds 6% limit (1)	\$ 29,834	\$ 33,111	\$ 38,548	\$ 48,600	\$ 49,330	\$ 45,106	\$ 38,155	\$ 33,317	\$ 30,614	\$ 31,798
Outstanding debt subject to limit	1,010	690	0	-	-	-	-	-	-	-
Total margin available	<u>\$ 28,824</u>	<u>\$ 32,421</u>	<u>\$ 38,548</u>	<u>\$ 48,600</u>	<u>\$ 49,330</u>	<u>\$ 45,106</u>	<u>\$ 38,155</u>	<u>\$ 33,317</u>	<u>\$ 30,614</u>	<u>\$ 31,798</u>
Total debt applicable to the limit as a percentage of the debt limit	3.4%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water & Wastewater 20% limit (2)	\$ 99,445	\$ 110,369	\$ 128,493	\$ 161,999	\$ 164,433	\$ 150,353	\$ 127,184	\$ 111,057	\$ 102,047	\$ 105,994
Outstanding debt subject to limit	8,130	8,645	7,825	6,240	4,950	3,595	2,170	680	520	355
Total margin available	<u>\$ 91,315</u>	<u>\$ 101,724</u>	<u>\$ 120,668</u>	<u>\$ 155,759</u>	<u>\$ 159,483</u>	<u>\$ 146,758</u>	<u>\$ 125,014</u>	<u>\$ 110,377</u>	<u>\$ 101,527</u>	<u>\$ 105,639</u>
Total debt applicable to the limit as a percentage of the debt limit	8.2%	7.8%	6.1%	3.9%	3.0%	2.4%	1.7%	0.6%	0.5%	0.3%
Highway User Margin 50% limit (3)	\$ 1,746	\$ 1,840	\$ 1,688	\$ 1,512	\$ 1,517	\$ 1,506	\$ 1,262	\$ 1,377	\$ 1,425	\$ 1,551
Bond principal due	-	-	-	-	-	-	-	-	-	-
Bond interest due	-	-	-	-	-	-	-	-	-	-
Margin available	<u>\$ 1,746</u>	<u>\$ 1,840</u>	<u>\$ 1,688</u>	<u>\$ 1,512</u>	<u>\$ 1,517</u>	<u>\$ 1,506</u>	<u>\$ 1,262</u>	<u>\$ 1,377</u>	<u>\$ 1,425</u>	<u>\$ 1,551</u>
Total debt service applicable to the margin as a percentage of the margin	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: City of Prescott finance department

(1) Arizona's Constitution provides that a municipality cannot issue general obligation bonds in excess of 6% of assessed valuation for general municipal purposes.

(2) Additional general obligation bonds for up to 20% of assessed valuation can be issued for specific purposes such as supplying water and wastewater services and recreational and playground facilities.

(3) Arizona law states that municipalities may issue highway users bonds to the extent that 50% of the highway user revenues in the preceding year will be sufficient to pay annual principal and interest of such bonds.

CITY OF PRESCOTT, ARIZONA

Table XXV

Statistical Section - Debt Capacity

Pledged-Revenue Coverage

Last ten fiscal years

Fiscal Year	Special Assessment Bonds				Community Facilities District Bonds				Municipal Property Corporation Bonds			
	Special Assessments Collected	Debt Service		Coverage	CFD Assessments Collected	Debt Service		Coverage	Excise Tax Collected	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2006	\$ 479,501	\$ 332,151	\$ 155,627	0.98	\$ 1,033,506	\$ 505,000	\$ 472,444	1.06	\$ 30,970,484	\$ 1,305,000	\$ 910,278	13.98
2007	473,157	342,151	139,042	0.98	894,108	205,000	444,825	1.38	32,919,756	1,345,000	856,703	14.95
2008	437,256	322,151	122,907	0.98	753,416	695,000	412,819	0.68	33,099,544	1,600,000	1,123,841	12.15
2009	422,802	322,151	107,296	0.98	701,049	370,000	375,425	0.94	30,233,474	1,670,000	1,048,756	11.12
2010	417,287	332,151	91,394	0.99	743,802	235,000	346,863	1.28	26,076,159	1,535,000	1,321,901	9.13
2011	330,299	337,151	75,110	0.80	393,203	480,000	322,569	0.49	24,620,884	1,625,000	1,516,747	7.84
2012	389,109	330,044	58,995	1.00	769,430	465,000	285,294	1.03	24,823,957	4,661,000	2,136,432	3.65
2013	383,217	340,044	43,091	1.00	720,756	255,000	255,775	1.41	27,036,741	1,745,000	1,963,921	7.29
2014	726,614	700,044	26,489	1.00	696,049	625,000	230,281	0.81	27,977,338	1,801,000	1,937,672	7.48
2015	6,142	5,044	1,017	1.01	595,152	255,000	187,700	1.34	31,006,811	1,578,330	1,789,649	9.21

Source: City of Prescott finance department

Special Assessment Bonds are used to finance capital improvements in specific areas of the City. Project costs are assessed to each benefiting property owner, with payments used to pay debt service. The underlying property secures the debt and may be foreclosed in the event of a default.

Community Facilities District Bonds are issued by special districts specifically created to acquire and improve public infrastructure in specified land areas. Assessments are levied against property owners in the district to pay all of the costs associated with the districts. The underlying property secures the debt and may be foreclosed in the event of a default.

Municipal Property Corporation Bonds are issued by a non-profit corporation created by the City to finance construction or acquisition of municipal buildings and improvements on land owned by the City. The City makes lease payments to the Corporation to approximate the debt service. The City pledges all excise, transaction privilege and franchise taxes as collateral.

CITY OF PRESCOTT, ARIZONA

Table XXVI

Statistical Section

Demographic and Economic Statistics

Population, Income and Unemployment

Last ten calendar years

Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Annual Unemployment Rate (3)	School Enrollment (4)
2005	38,838	\$ 5,471,859	\$ 28,000	4.0%	5,476
2006	39,699	6,058,552	29,687	4.0%	5,688
2007	40,371	6,602,162	31,624	3.7%	5,766
2008	40,041	6,602,128	31,258	6.2%	5,766
2009	39,932	6,272,906	29,705	10.5%	5,652
2010	39,771	6,245,478	29,721	10.7%	5,229
2011	39,873	6,498,204	30,817	9.9%	5,095
2012	39,865	6,800,376	31,997	8.7%	4,961
2013	39,888	6,992,574	32,503	7.7%	4,917
2014	40,520			6.3%	4,454

(1) Source: Office of Employment & Population Statistics, Arizona Department of Administration

(2) Income Statistics are shown for the Prescott Metropolitan Statistical Area (MSA).

Latest Data available is for 2013. Source: Bureau of Economic Analysis, US Department of Commerce

(3) For the Prescott Metropolitan Statistical Area (MSA). Source: Arizona Office of Employment and Population Statistics

(4) Enrollment for Prescott Unified School District as of Oct 1 of each year. Excludes Charter Schools

Source: Arizona Department of Education

CITY OF PRESCOTT, ARIZONA

Table XXVII

Statistical Section

Demographic and Economic Statistics

Principal Employers

Current fiscal year data available and nine years ago

<u>Employer</u>	<u>Type of Business</u>	<u>2012/13</u>			<u>2004/05</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>As a % of City's Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>As a % of City's Total Employment</u>
Yavapai County	Government	1,424	1	6.5%	1,680	1	6.8%
Yavapai Regional Medical Center	Hospital	1,402	2	6.4%	1,300	2	5.3%
Veteran's Administration Medical Center	Hospital	889	3	4.0%	625	5	2.5%
Sturm Ruger	Manufacturing	579	4	2.6%			
Yavapai College	College	564	5	2.6%	400	8	1.6%
City of Prescott	Government	506	6	2.3%	551	6	2.2%
Prescott Unified School District	Public Schools	495	7	2.3%	792	3	3.2%
Embry-Riddle Aeronautical University	College	375	8	1.7%	475	7	1.9%
Yavapai Gaming Agency	Casino	294	9	1.3%			
Wal-Mart Stores	Retail	280	10	1.3%	782	4	3.2%
Fann Contracting	Contracting				260	9	1.1%
West Yavapai Guidance Clinic	Clinic				240	10	1.0%
		<u>6,808</u>		<u>31.0%</u>	<u>7,105</u>		<u>28.9%</u>

Latest data available is for 2012/2013.

The 2012/2013 total City employment was 21,965 based on U.S. Census Bureau County Business Patterns information for 2013.

The 2004/2005 total City employment was 24,580 based on U.S. Census Bureau County Business Patterns information for 2005.

CITY OF PRESCOTT, ARIZONA

Table XXVIII

Statistical Section - Operating Information

City Employees by Function/Program

Last ten fiscal years

Function/ Program	Full-time Equivalent Employees at June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	33	36	34	34	37	38	38	37	37	39
Administrative Services	5	5	5	5	1	2	2	2	1	1
Budget and Finance	23	23	24	24	21	21	23	22	22	22
Community Development	27	30	34	33	16	16	14	13	13	11
Cultural & Recreation	76	60	59	57	48	43	42	42	42	42
Police	124	134	131	131	119	119	122	123	125	95
Regional Communications (2)	-	-	-	-	-	-	-	-	-	33
Fire	84	75	77	76	76	75	75	73	73	68
Central Garage	9	10	11	11	9	9	9	9	9	9
Self Insurance	2	2	2	3	3	3	3	2	0	0
Facilities Maintenance	5	6	8	10	6	5	6	6	6	6
Engineering	25	22	23	23	19	18	18	17	17	17
Water	36	40	41	41	39	40	41	41	42	43
Wastewater	30	32	33	33	35	35	35	35	35	37
Solid Waste	16	18	18	26	26	27	27	27	26	28
Transfer Station (1)	7	7	8	-	-	-	-	-	-	-
Airport	11	9	8	8	8	7	7	7	8	11
Golf Course	30	17	20	20	16	17	17	16	16	9
Streets	35	39	35	35	37	37	37	35	36	36
Total	575	565	571	570	516	512	515	506	508	506
Number of citizens per employee	68	70	71	70	77	78	77	79	79	80

Source: City of Prescott finance department

(1) In 2009, the Transfer Station was combined with Solid Waste.

(2) In 2015, Regional Communications was split out from Police

CITY OF PRESCOTT, ARIZONA

Table XXIX

Statistical Section - Operating Information

Operating Indicators by Function/Program

Last ten fiscal years (unless noted otherwise)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Community Development										
Building permits issued	2,185	2,237	1,735	1,329	1,416	1,093	1,613	1,575	2,028	1,843
Permit valuations (in millions)	189	133	74	44	70	35	61	79	97	107
Cultural & Recreation										
Library circulation (3)	697,584	713,700	758,787	852,882	845,385	693,268	702,286	805,113	807,246	759,675
Library visits (3)	246,594	420,776	477,785	507,858	546,548	520,794	508,422	493,091	480,753	442,904
Library resources available	169,784	142,564	150,267	159,151	148,908	165,612	178,032	172,682	158,772	174,319
New cards issued	4,091	7,424	7,422	7,613	7,272	4,649	4,872	4,531	5,020	5,014
Golf Rounds	86,307	79,678	78,361	70,558	64,314	61,867	59,605	55,652	61,868	69,290
Police (Calendar Year)										
Calls for service	34,711	32,943	30,649	29,422	30,500	29,190	29,300	26,801	26,132	25,617
Part 1 crimes (1)	1,796	1,549	1,390	1,408	1,440	1,456	1,410	1,291	1,256	1,289
Part 2 crimes (2)	3,896	3,429	3,234	3,806	4,100	4,831	3,830	3,495	3,474	3,293
Fire										
Calls for service	7,007	6,808	7,130	7,452	7,799	8,500	7,920	7,440	7,876	8,014
Inspections	1,620	2,374	2,621	1,803	1,925	1,709	1,577	1,231	1,712	1,098
Water										
Connections	19,806	20,468	21,870	22,271	22,184	22,153	22,409	22,628	22,765	23,440
Wastewater										
Connections	16,696	17,168	17,416	17,522	17,357	18,134	18,292	18,411	18,267	18,783
Solid Waste										
Residential accounts	16,974	16,467	16,547	16,670	17,159	21,319	20,503	17,217	17,500	17,815
Commercial accounts	1,532	1,414	1,187	1,060	920	910	888	911	1,594	1,421
Tons collected	34,986	35,564	35,453	35,550	31,837	29,792	30,971	31,671	62,000	61,979
Transfer Station										
Transactions per year	84,826	84,542	73,339	70,381	69,509	69,615	69,430	68,912	73,377	73,577
Tons per year	70,905	70,041	73,412	59,260	60,826	58,152	55,685	66,966	60,246	61,959
Airport										
Commercial aircraft landings	1,808	1,742	1,484	5,417	3,807	1,725	4,062	1,837	1,533	1,094
Passengers	8,397	9,203	10,571	11,694	7,836	5,222	5,147	5,146	5,200	4,394
FAA traffic count	236,317	227,351	242,311	240,443	231,668	265,093	275,820	257,062	270,699	277,540
Public Works										
Cold mix repairs(lbs)	129,013	140,155	97,649	115,705	90,215	88,773	43,153	98,822	235,831	136,000
Hot Mix repairs (tons)	2,050	1,156	1,800	643	1,730	2,806	1,430	2,763	1,300	2,040

(1) Part 1 Homicide, forcible rape, robbery, aggravated assault, burglary, larceny/theft, auto theft & arson

(2) Part 2 Simple assault, narcotics, forgery/fraud/embezzlement, vandalism & DUI

(3) The library circulation and visits declined in 2006 because the main library was closed for remodeling. Many old and non-circulating materials were disposed.

Source: City of Prescott budget department and applicable departments.

CITY OF PRESCOTT, ARIZONA

Table XXX

Statistical Section - Operating Information

Capital Asset Statistics by Function/Program

Last ten fiscal years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Area square miles	39	40	40	41	41	41	41	41	42	42
Cultural and Recreation (1)										
Parks	-	17	21	21	21	21	21	21	21	21
Park acres	-	1,384	1,394	1,394	1,394	1,394	1,394	1,514	990	990
Miles of trails	-	55	33	36	36	36	45	52	52	68
Open space - public (acres)	-	160	195	278	278	278	765	823	1,200	1,200
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Water										
Miles of water mains	509	516	531	536	537	542	538	515	517	517
Wastewater										
Miles of sanitary sewers	345 (2)	350	387	389	389	391	390	373	371	371
Solid Waste										
Collection trucks	14	15	15	16	16	16	19	17	18	16
Airport										
Total based aircraft	340	330	325	352	344	344	346	322	309	292
Golf Course										
Holes	36	36	36	36	36	36	36	36	36	36
Public Works										
Streets (paved miles)	222	224	231	234	236	270	289	289	289	294

(1) In conjunction with the parks master plan update, new benchmarks were established in 2007. These benchmarks replace prior year data.

(2) Sewer miles dropped in FY 2006. In conjunction with a Hydraulic Sewer Model project, the entire sewer system was surveyed. This survey has documented the locations of our manholes and the lines and lengths. To date with the 95% completion we have logged about 345 miles of the collection system. This provides a more accurate measure and will provide greater accuracy in the future.

Source: City of Prescott departments.

